

# ***Government That Works!***

NEW JERSEY DEPARTMENT OF THE TREASURY

## **LOCAL GOVERNMENT BUDGET REVIEW**

### ***NEW BRUNSWICK SCHOOL DISTRICT***

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APRIL, 1999



## **GOVERNMENT THAT WORKS**

### **OPPORTUNITIES FOR CHANGE**

#### ***The Report of the New Brunswick School District***

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making state government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the state had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service at no local cost. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams will also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July 1997, Governor Whitman ordered the expansion of the program, tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

## **THE REVIEW PROCESS**

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of the review of the New Brunswick School District, the team reviewed various documents including budget statements, audit reports, annual financial statements (CAFR), collective bargaining agreements, various reports to the state, payroll records, personnel contracts and files, vendor and account analyses, board policies and meeting agendas and minutes, long range plans and numerous other documents. The review team physically visited all school sites and the central offices and observed work procedures throughout the system. Team members observed board of education meetings and other meetings during the term of its fieldwork as well.

The review team members interviewed board of education members, central office and school administrators, supervisors, teachers, district employees, parents, association officers, local appointed officials, county and state education personnel and community members. The review team received full cooperation from the superintendent and most district staff members, appointed officials, community members and others interviewed. That cooperation and assistance was testament to the willingness on the part of most to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the community's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the community an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW  
EXECUTIVE SUMMARY  
NEW BRUNSWICK SCHOOL DISTRICT**

The Local Government Budget Review (LGBR) unit of the New Jersey Department of Treasury conducted an extensive study of the New Brunswick School District in response to a request of the New Brunswick Board of Education. Some 40 areas were reviewed resulting in cost savings and/or managerial reform. Seven areas were recognized as best practices along with other commendations cited in the findings and one recommendation for possible state regulatory or statutory reform. The following is an executive summary of the findings and recommendations and dollar savings, as appropriate:

**1. Comparative Analyses**

Four comparable school districts were selected for statistical data to make many of the recommendations contained in this report. Information from other bench marking sources, such as NJ Department of Education publications, was also utilized.

**2. Board/Public**

The board and superintendent were found to recognize their respective roles and to work together toward the common goal of educating students. It was suggested that public information be made readily available to citizens, both at board meetings and upon request.

**3. Board/Superintendent Expenses**

Board expenses were found to be reasonable; however, expenses over the petty cash limit should be placed on an encumbrance system with reimbursement on the basis of valid receipts. All vehicles should be serviced and fueled through the shared services arrangement with the city and central office personnel contracts should be kept up-to-date.

**4. Legal Fees**

The district should classify legal services as a “vendor” relationship. While legal fee costs were relatively low, the district should consider “requests for proposals” from several law firms.

**5. Auditor Fees**

The district should review the auditor’s contract and build in a statement of assurance of accuracy. Costs were relatively high; therefore, the district should seek “requests for proposals” to promote competition from different accounting firms.

## **6. Instruction**

Instructional expenditures are within the top 12% of the K-12, 3501+ enrollment group. An increase of 10 to 15 minutes per day in instructional time for students in grades pre-K to eight is recommended.

## **7. Primary School**

The recent emphasis upon preschool and primary education bodes well for the future of educational success of New Brunswick children. Further expansion of preschool and kindergarten education should be considered.

## **8. Middle School Concept**

The district should consider, in the near future, the establishment of one or two middle schools for grades six to eight.

## **9. High School**

Although many district resources are provided to the high school, there is a continuing view that the high school is a problem area. District officials are currently searching for a new principal to provide leadership for a school, which is perceived by many persons as not meeting its full potential.

## **10. Bilingual/English-as-Second Language (ESL)**

The district has an increasing number of students, at all grade levels, whose native language is non-English. A total of 1,214 students are receiving service through the Bilingual/ESL program.

## **11. Talented and Gifted (TAG)**

The district has a unique full day TAG program with spaces for more students and, with promotion, could attract out-of-district students for a potential revenue enhancement of \$80,000.

## **12. Driver Education**

Driver education is provided in grades 10 and 11 as a part of the health curriculum. The district should consider purchasing two driving simulators to enhance instruction at a cost of \$16,000.

## **13. Alternative School**

The alternative school has a current enrollment of 34 students. With a renovated central facility, next year, the district should consider increasing the future enrollment by offering spaces to neighboring school districts, with a potential revenue enhancement of \$35,000.

#### **14. Adult Learning Center (ALC)**

The ALC serves a critical need in providing adults and teenage dropouts with a “second chance” and, in some instances, “second location” educational opportunities. The ALC is relatively cost effective and may need additional supervisory assistance.

#### **15. Guidance**

The district has developed exemplary school-to-work and career counseling programs; however, the adequacy of the elementary school counseling should be examined.

#### **16. Library**

The district should review the library staffing and inventory of library books and materials to determine adequacy relative to instructional goals.

#### **17. Health Services**

Ten nurses, one physician on staff, and ten other physicians under contract provide health services.

#### **18. Parental/Community Involvement**

While the district is making progress in involving parents in the education of their children, further emphasis is needed in expanding the number of involved parents and in public relations with the larger community.

#### **19. Hiring Practices**

A review of hiring practices revealed the need for the district to establish a policy and procedural framework for employment decisions which meet district employment objectives.

#### **20. Technology**

The district has made progress during the current year by installing a wide area network (WAN) and purchasing 120 computers. While the technology plan provides a vision for student preparation for participation in the information age, unfortunately, the plan is significantly under budgeted for next year.

#### **21. Administrative Use of Technology**

The district needs a significant upgrade in both training of central office staff and in PC-network software. The purchase of an integrated management software system should be considered with a value-added cost of \$25,000 to \$30,000.

## **22. Communications/Telephone**

Since the telephone expenses are relatively high, the district should consider initiating individual PINs for telephone usage, not issuing cellular phones, and implementing a telephone directory software program, with a potential savings of \$7,213 to \$10,865.

## **23. Photocopiers**

The district should consider selling some of the copy machines and explore the feasibility of utilizing the state contract to be billed on a per copy basis in those locations where the number of copies is less than 100,000 per month, with a potential savings of \$315,232.

## **24. Insurance**

The district should consider reducing its liability in workers' compensation by obtaining an assertive third party administrator for the management of claims and consider joining a Joint Insurance Fund for combined savings of \$54,792.

## **25. Purchasing**

The district should continue to pursue cooperative purchasing to save money and be cost effective. The business office should maintain a purchasing procedure manual.

## **26. Fixed Assets**

The district should establish policy and cost effective procedures to dispose of unused property.

## **27. Surplus**

The district should have more accurate annual estimates of other revenue, budget expenditures and surplus balances and have a plan to determine the level of surplus balance, perhaps 3% to 5% of budget. With a number of very old buildings, the district should consider placing some accumulated surplus into a capital improvement fund to meet clearly identified needs.

## **28. Cash Management**

The district should consider combining all student activity funds into one account, thereby, reducing the total number of accounts from 21 to 10. The district should consider eliminating the payroll supervisor position and have the bank continue this service, with a savings of \$71,690.

## **29. Facilities**

The district has a mixture of turn-of-the-century buildings and more modern, recently constructed schools. The Educational Facilities Assessment identified more than \$26 million in construction needs and building deficiencies in the district. An additional 26 classrooms are needed to address

current overcrowding in the elementary/middle schools. The district should consider the immediate replacement of the outdated Lord Stirling School and redistrict some elementary school attendance zones.

### **30. Operating Expenses**

Better inventory and control of custodial and maintenance materials and supplies would produce a savings of \$32,000.

### **31. Energy Management**

The district should consider placing the remaining three schools and the central office building under the energy management system with a potential saving of \$58,000.

### **32. Food Services**

Under option 1, the district can save \$527,104 through a variety of staffing, benefits, free lunches, food costs for special functions, etc. reductions. Under option 2, the food service function can be privatized at potential savings of \$683,727.

### **33. Special Education**

Forty-one out-of-district special education students should be considered for return to in-district classes with a savings of \$445,301. Under state guidelines the district can reduce the number of teacher assistants in self-contained classes by 14, thereby saving \$351,610. In addition, there are available seats for 20 more out-of district SE students, which would produce \$213,500 in enhanced revenue. Total cost savings and revenue enhancement - \$1,010,411.

### **34. Special Education Medicare Initiative (SEMI)**

With continuous staffing and full implementation, the SEMI program would provide the district with \$16,000 to \$30,000 in net revenue enhancement.

### **35. Extra Curricular**

Extra curricular activities are focused primarily at the high school, where there are 42 clubs. Several community elementary schools, in cooperation with the city, have after school and evening programs for children and adults. The 13 athletic programs for 348 participants were found to be reasonable in cost.

### **36. Transportation**

The district student transportation program is relatively expensive and inefficient in terms of bus routing, contract bidding and negotiating practices, excessive courtesy busing, and unused busing



capacity. The district should consider contracting with the educational services commission to bid contracts and schedule buses, with a potential savings of \$846,311.

### **37. Collective Bargaining**

A review of the three negotiated agreements revealed a number of costly and restrictive provisions, which should be considered for elimination or alteration in future negotiations at potential savings of \$290,000. High priority should be given to the redistribution of money on the teachers' salary guide, to increase the beginning steps to a more competitive level for initial employment.

### **38. Administration**

Administrative staffing and salary costs in the district were determined to be reasonable. Minimum and maximum salaries by position were suggested for consideration instead of administrative ratios of the teachers' salary guide. The district should consider negotiating a uniform maximum payment for accumulated sick leave for all members, with potential savings of \$43,083.

### **39. Health Insurance**

Consideration should be given to negotiating employee co-pay arrangements for both health and dental insurance and lower district costs for generic and name brand substitution prescriptions, with total potential savings of \$609,696.

### **40. Shared Services**

The district is commended for the initiatives taken in identifying and implementing shared services with business and institutional organizations. The review team endorses the concept of sharing resources and recommends that the district pursue additional areas where services can be shared on a cost effective basis; however, the district should reconsider the payments to the city for the municipal functions of crossing guards and the DARE program, interest on school bond anticipation notes, park use and improvements, etc., with a potential savings of \$539,586 to \$678,686.



<u>Areas Involving Monetary Savings</u>	<u>Onetime Savings/Expense</u>	<u>Annual Savings/Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
<b>Gifted and Talented</b>				
Attract out-of-district students			\$80,000	<b>\$80,000</b>
<b>Driver Education</b>				
Purchase two driving simulators	(\$16,000)			<b>(\$16,000)</b>
<b>Alternative School</b>				
Attract out-of-district students			\$35,000	<b>\$35,000</b>
<b>Administrative Use of Technology</b>				
Purchase integrated management software	(\$25,000)	(\$30,000)		<b>(\$30,000)</b>
<b>Communications/Telephone</b>				
Not issue cellular phones		\$2,292	\$5,944	
Utilize telephone directory program			\$4,921	
				<b>\$7,213</b>
<b>Photocopiers</b>				
Use state contract on a per copy basis			\$40,092	
Proceeds from sale of copy machines	\$275,140			
				<b>\$315,232</b>
<b>Insurance</b>				
Drop aggregate workers' compensation policy			\$16,792	
Joint a Joint Insurance Fund			\$38,000	
				<b>\$54,792</b>
<b>Cash Management</b>				
Eliminate payroll supervisor position			\$70,370	

Combine student activity funds into one bank account		\$1,320		<b>\$71,690</b>
<b>Operating Expenses</b>				
Better inventory/control custodial supplies		\$32,000		
Expand energy management system		\$58,000		
				<b>\$90,000</b>
<b>Food Services</b>				
Option 1 - Staffing, benefits, free lunches, etc	\$527,104			
Option 2 - Privatize food service program		\$683,727		
				<b>\$527,104</b>
<b>Special Education</b>				
Educate 41 students in the district		\$445,301		
Reduce 14 teacher assistants positions		\$351,610		
Attract 20 more out-of-district students		\$213,500		
Implement SEMI program.	\$16,000	\$30,000		
				<b>\$1,026,411</b>
<b>Transportation</b>				
Reduce per diem cost of in-district routes		\$252,000		
Reduce courtesy busing at two elementary schools.		\$128,311		
Reduce the number of routes and unused seats		\$466,000		
				<b>\$846,311</b>
<b>Collective Bargaining Issues</b>				
<b>Education Association Agreement</b>				
Negotiate reduction in longevity payments			\$290,000	
				<b>\$290,000</b>
<b>Administrative Agreement</b>				
Negotiate a maximum for sick leave payments.			\$43,083	
				<b>\$43,083</b>
<b>Employee Insurance Benefits</b>				

Negotiate a 20% cost differential health insurance co-pay			\$369,456	
Negotiate a 50% dental premium co-pay			\$240,240	
				\$609,696

#### Shared Services

Reconsider previous payments to city as itemized in report.	\$539,586	\$678,686		
				\$539,586

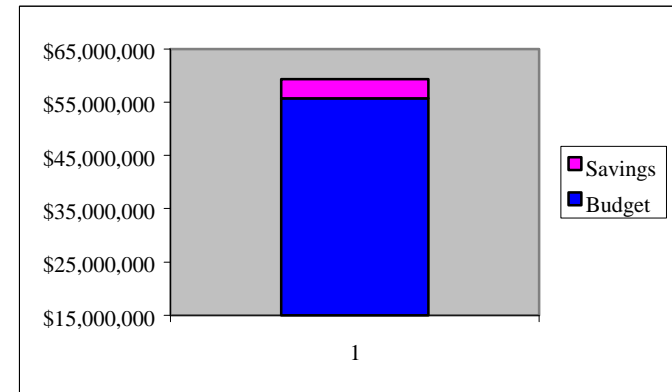
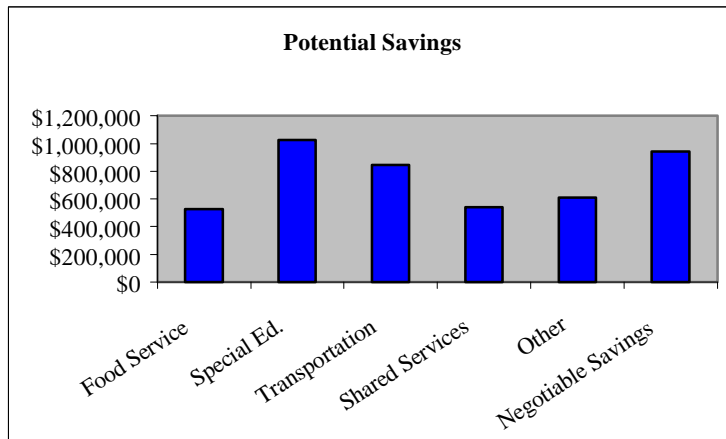
<b>Total Recommended Savings</b>	<b>\$229,140</b>	<b>\$3,318,199</b>	<b>\$942,779</b>	<b>\$3,547,339</b>
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\* \$942,779 is not included in savings of \$3,547,339.

<b>Total Amount Raised for School Tax (FY97)</b>				<b>\$23,094,322</b>
<b>Savings as a % of School Tax</b>				<b>15.4%</b>

<b>Total Budget (FY97)</b>				<b>\$55,760,405</b>
<b>Savings as a % of Budget</b>				<b>6.4%</b>

<b>Total State Aid (FY97)</b>				<b>\$25,989,841</b>
<b>Savings as a % of State Aid</b>				<b>13.6%</b>





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## COMMUNITY OVERVIEW

New Brunswick is located in the center of the State of New Jersey and is readily accessible to all major modes of transportation. Routes 1, 18, 27 and other key roadways pass through the city. Amtrak and New Jersey Transit trains, as well as the Raritan River also serve the city. Its ideal location enhanced its early role as an industrial hub. Approximately 41,000 plus persons reside within the city's 5.2 square miles. During the past two decades the city has undergone a tremendous amount of restoration and revitalization. Impacted heavily by the influence of Johnson & Johnson, an effort was undertaken to save the city and restore it to a position of prominence as a major urban business and cultural center.

The 1990 US Census lists the population as 41,711, with nearly a fourth of these individuals having attained at least a high school diploma. The city has a highly diversified population, with whites - 38%, blacks - 29.6%, Hispanics - 19.3%, Asian - 4.3% and other - 8.8%. The age groupings of residents included 7,093, or 17% below 18 years old, 30,722 or 73.7% who were 18 to 64 years old and 3,896, or 9.3% who were over 65. The city is urban in nature with per capita income of \$11,252, median family income of \$32,966, and 7,561 persons in poverty.

New Brunswick Public Schools are currently housed on 11 sites. The district provides educational program offerings for the traditional grades, pre kindergarten through 12<sup>th</sup>, plus a comprehensive adult education component and an alternative high school. The district also has a variety of after school programs open to the community, plus a day care center at the high school. As of June 30, 1997, the district had 4785 students, 459 certified staff, and 206 non-certified employees, including teaching assistants, secretarial, custodial, maintenance and security personnel. The district is one of the original 28 Abbott urban school districts, which have been under the jurisdiction of the state courts for many years.

The city, which is the center of county government, is also home to Rutgers, The State University, founded in 1766. Rutgers is the third largest university in the country. Additionally, the city has developed into a mecca of culture with the State Theater, George Street Playhouse and Crossroads Theater, to which is added a substantial number of restaurants and eateries. New Brunswick also has three major medical centers, namely, the University of Medicine and Dentistry of New Jersey, Robert Wood Johnson University Hospital and St. Peter's Medical Center. Nearly one half of the total property values in the city are owned by governmental, educational, medical or religious institutions and, while sources of jobs and income, are exempt from property taxation.

The element to the city's emergence during this renaissance period is the depth and magnitude of the partnerships the city has engaged in with other entities. Although the full value of these contacts cannot be accurately assessed, they have turned New Brunswick around from a city "on the brink" to an industrial and cultural center. A substantial portion of the credit for this successful turn around belongs to Johnson & Johnson and its creation, New Brunswick Tomorrow.

## **I. BEST PRACTICES**

A very important part of the Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and, possibly, save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every cost effective effort. The following are those best practices recognized for their cost and/or service delivery effectiveness.

The New Brunswick school district has an outstanding record of securing cost effective services for students through partnerships and collaborative efforts with community and business associations. One of the key resources in that effort is New Brunswick Tomorrow (NBT), which is a private, non-profit organization dedicated to developing public/private networks of agencies, institutions and volunteer organizations. NBT provides a comprehensive, integrated means of identifying critical community needs and assuring that human and social issues are addressed. The agency serves as a catalyst and facilitator in developing and supporting programs to improve the quality of life in the community. According to the Center for Public Interest Polling, Eagleton Institute of Politics, Rutgers, NBT had citizen approval of 81% in a 1996 survey.

### **Project 2000**

Sponsored by the Civic League of Greater New Brunswick, Project 2000 is a company-based volunteer program that encourages executive employees to be engaged as teachers' assistants in elementary school classrooms for one-half day per week. The program is based upon the concept that positive attitudes toward the school environment and academic achievement in inner-city male students can be nurtured early in their school experience through positive male-role models. The project began in 1991 as a primary school program, with 27 male volunteers. In June, 1997, the program ended for summer recess with a total of 56 male volunteers serving in 39 classrooms in three elementary schools.

In 1994, Project 2000 was expanded by the establishment of a Middle School Development Program with 22 additional corporate volunteers, who spend two half days per month serving as role models and mentors for young female and male adolescents. Emphasis has been placed on female volunteers to assist students of that gender in self-esteem, decision-making, and coping skills. After three years of operation, 69 volunteers served 20 middle grade (5-8) classrooms with 340 students in four elementary schools. It is apparent that the prorated salaries of corporate volunteers exceed \$350,000 in donated services per year.

**Health Professions Scholars Program**

The Health Professions Scholars Program (HPSP) is a partnership between the school district and Robert Wood Johnson University Hospital, the core teaching hospital of the University of Medicine and Dentistry of New Jersey. The HPSP is designed to stimulate interest in health professions and to motivate talented urban students to remain in school and plan for education in a health professions career. About 25 students in grade eight are admitted to the highly competitive program each year and 100 or more students participate each year in grades 8-12. HPSP provides monthly learning activities at the hospital, mentoring from health care professionals, field trips, CPR training, summer employment, and advanced placement study opportunities in grade 12 in math and science at Rutgers, the State University, and Middlesex County College. The HPSP program costs about \$45,000 to \$50,000 per year, with the district contributing about 10% of that amount.

**Dance Power**

Dance Power was created nine years ago by funding by the Geraldine R. Dodge Foundation. All third grade students in the district are eligible to audition in Dance Power each fall and are required to reapply annually for scholarship renewal. Dance Power is a special arts enrichment program, which offers students opportunities to increase their vocabulary, to expand their musical repertoire, and to strengthen their physical movement and dance technique. Year one students receive dancewear and free training in the studios of the American Repertory Ballet in New Brunswick and the school district provides transportation. A trip to see "The Nutcracker" and a performance opportunity in the spring provide students with a well-rounded introduction to dance. For those who wish to continue their training, individual student scholarships, which are offered based on need and available resources, are valued at \$400 each. Today, about 100 students participate annually in Dance Power, which is funded by corporate donations of about \$25,000 and a district contribution of \$10,000 annually.

**Engineering**

Raritan Introduction of Minorities to Engineering (RIME) is a local chapter of a national organization, which works closely with the district to develop programs for selected students, beginning with the seventh grade and continuing through high school. These programs are designed to stimulate interest and motivate students to pursue engineering careers. The purpose of RIME is to design, implement and support adjunct programs to increase the number of minorities entering the engineering professions. The district provides a counselor in grade 7 to participate in the early identification of talented and interested students.

RIME has been in operation for 15 or more years, with support from several local corporations, which provide \$1500 to \$2500 each and the Rutgers School of Engineering. Currently about 40 high school and 20 eighth grade students participate in the program. An average of two \$1500 scholarships is awarded each year.

**School-Based Youth Services**

The New Brunswick School Based Youth Services Program, designed to assist students to successfully finish school, is co-sponsored by the University of Medicine and Dentistry of New Jersey - University Behavioral Health Care, New Brunswick Tomorrow, and the school district. Services offered to students in grades K-12 and their families include:

- Counseling - Supportive counseling sessions for individuals, groups and family members;
- Health care - Comprehensive health services and referrals;
- Teen parenting services - Provides child care assistance for full-time students, as well as counseling and after school parenting classes; and
- Recreation - A variety of social, cultural and educational activities to provide balance and a positive image for participants.

The program is funded by a NJ Department of Human Services grant, a district contribution and a UMDNJ staff salaries contribution.

**Professional Development School**

A major initiative began in 1992 when the Rutgers Graduate School of Education (GSE) and the New Brunswick School District began cooperative planning efforts to develop a Professional Development School (PDS). An agreement was reached to create a model school that would optimize teachers' professional development both to prepare future teachers and to support practicing teachers. Lincoln School, an elementary school with grades K-8 and special education classes, formally opened as a PDS in September, 1995. The PDS goal is to provide innovative, exemplary programs in literacy, mathematics, science and technology through teacher professional development. Pre-service and in-service experiences for GSE students and collaborative research and development activities between GSE faculty and district faculty take place at the school. Projects have included teacher involvement in classroom management, early literacy, counseling, mathematics education and technology. The National Science Foundation-supported State Systemic Initiative has designated the PDS as a model school for New Jersey and the nation. The National Education Association has also listed the PDS as a model school in their sharing network.

**Hire Attire Boutique**

The Adult Learning Center serves an important function by providing a wide variety of relatively inexpensive educational programs for both immigrants and native high school dropouts. An outstanding activity at the learning center is the Hire Attire Boutique, which is an alternative work experience program, also providing a place where students can obtain appropriate donated and attractive clothing to wear for going out into the world of work.

Groups with regular contact and cooperation with the school district include:

New Brunswick Tomorrow  
Johnson & Johnson  
Puerto Rican Action Board  
Greater New Brunswick Day Care Council  
Rutgers, The State University  
Rutgers Mental Health  
New Brunswick Police Department  
New Brunswick Schools Youth Services  
Civic League of Greater New Brunswick  
University of Medicine & Denistry(UMDNJ)  
Middlesex County College

The district is commended for establishing linkages with many community, private and state organizations to assist in providing New Brunswick students with effective school programs. This is, by far, the greatest example of a district's partnership with, and utilization of, community resources, both public and private, that LGBR has seen thus far. It is a credit not only to the district, but also to the many organizations and individuals involved in providing services to the city's children and youth.

## **II. OPPORTUNITIES FOR CHANGE / FINDINGS AND RECOMMENDATIONS**

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operation in the district, which will provide local resources for enhancing educational offerings to meet student needs in an urban setting.

From the outset of this study it was apparent that the district has made a concerted effort through community and institutional partnerships to leverage the maximum amount of different resources to meet the special needs of New Brunswick children and youth. A number of these cooperative arrangements are recognized in the Best Practices section of this report and others are cited in the Findings. The district is to be commended for the steps it has taken on its own and for the cooperation generally given to the review team during the course of the study. A number of areas were found where additional savings could be generated. Recommendations are included in this section which would effect these savings.

In some areas specific dollar savings are calculated for the recommendations to illustrate cost savings. The time it will take to implement the savings recommendations will depend on their priority and, therefore, will vary. Nevertheless, the total savings and revenue enhancements should be viewed as attainable goals. It is recognized that a number of the recommendations will be subject to collective bargaining, which will effect the timing of their implementation. Some of these will result in one-time-savings while others will provide ongoing benefits. The strategies contained in these recommendations will lead to opportunities for additional needed educational services as a result of improvements in budgeting, cash management and cost control.

### **COMPARATIVE ANALYSES**

Many of the recommendations are made based upon comparative analyses using Department of Education data in comparison with districts of similar size and demographics. Comparisons of this nature are valuable for the purposes of this report. The Department of Education does not intend these to be used by the district to gauge adequacy or efficiency. Other data sources are used such as various state agencies, state education associations, publications and private industry. School districts used for comparison with New Brunswick include Asbury Park, City of Orange, West New York and Bridgeton, and K-12 districts in the state with enrollments of 3501+ students (84 school districts).

The following charts illustrate much of the data used.

	<u>New Brunswick</u>		<u>Asbury Park</u>		<u>City of Orange</u>		<u>West New York</u>		<u>Bridgeton</u>
<b>Revenues</b>									
Local Tax Levy	23,094,322	43.6%	5,683,641	16.6%	8,933,346	21.9%	12,609,783	22.3%	3,631,497
State Aid	25,989,841	49.1%	25,830,427	75.5%	29,753,505	73.0%	41,094,869	72.7%	32,910,198
Federal Aid	2,913,447	5.5%	1,871,487	5.5%	1,513,052	3.7%	2,318,222	4.1%	3,029,404
Other	956,403	1.8%	846,374	2.5%	553,743	1.4%	540,996	1.0%	2,011,507
<b>Total Revenue (All Funds)</b>	<b>52,954,013</b>		<b>34,231,930</b>		<b>40,753,646</b>		<b>56,563,869</b>		<b>41,582,606</b>
Regular Program - Inst.	13,810,150	27.0%	9,363,323	28.8%	12,033,514	31.2%	19,851,510	36.1%	12,360,955
Special Education	5,587,741	10.9%	2,650,962	8.2%	2,435,155	6.3%	1,779,748	3.2%	2,668,409
Basic Skills-Remedial	156,644	0.3%	1,135,680	3.5%	906,868	2.4%	1,632,529	3.0%	973,962
Bilingual Education	3,296,555	6.5%	401,312	1.2%	615,364	1.6%	2,025,465	3.7%	188,886
Vocational Program	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Sponsored Co-curr Activity	111,468	0.2%	351,463	1.1%	16,801	0.0%	79,374	0.1%	152,690
Sponsored Athletics	229,452	0.4%	67,843	0.2%	302,683	0.8%	261,612	0.5%	265,245
Other Instruction Program	-	0.0%	-	0.0%	3,139	0.0%	-	0.0%	32,602
Community Services Program	136,031	0.3%	97,609	0.3%	6,948	0.0%	981,426	1.8%	-
<b>Total Instructional Cost</b>	<b>23,328,041</b>	<b>45.7%</b>	<b>14,068,191</b>	<b>43.3%</b>	<b>16,320,472</b>	<b>42.3%</b>	<b>26,611,662</b>	<b>48.4%</b>	<b>16,642,749</b>
Undistributed Exp. - Ins.	4,295,091	8.4%	2,425,890	7.5%	3,877,500	10.1%	4,371,177	8.0%	1,750,960
Total Instruction \$\$	23,328,041		14,068,191		16,320,472		26,611,662		16,642,749
At New Brunswick Enroll.	23,328,041		20,938,195		18,722,958		19,111,032		20,776,299
General Administration	1,060,991	2.1%	1,111,258	3.4%	1,114,671	2.9%	1,656,175	3.0%	512,608
School Administration	1,931,887	3.8%	1,996,363	6.2%	1,696,867	4.4%	1,939,016	3.5%	2,086,732
<b>Total Administration Cost</b>	<b>2,992,877</b>	<b>5.9%</b>	<b>3,107,621</b>	<b>9.6%</b>	<b>2,811,538</b>	<b>7.3%</b>	<b>3,595,190</b>	<b>6.5%</b>	<b>2,599,340</b>
Total Administration \$\$	2,992,877		3,107,621		2,811,538		3,595,190		2,599,340
At New Brunswick Enroll.	2,992,877		4,625,184		3,225,416		2,581,868		3,244,937
Food Service	97,243	0.2%	-	0.0%	116,974	0.3%	-	0.0%	-
Health Service	703,361	1.4%	297,195	0.9%	443,481	1.2%	576,903	1.0%	343,618
Attend.& Soc. Work Serv.	395,055	0.8%	139,497	0.4%	69,987	0.2%	192,650	0.4%	46,042
Other Support Service	1,513,859	3.0%	1,237,263	3.8%	1,587,665	4.1%	1,513,859	2.8%	1,301,245
Other - Imp. of Inst. Sev.	837,496	1.6%	608,712	1.9%	948,078	2.5%	1,132,832	2.1%	213,585
Media Serv./Sch. Library	272,521	0.5%	317,104	1.0%	308,468	0.8%	648,656	1.2%	375,833
Operation of Plant	3,267,689	6.4%	2,994,166	9.2%	3,772,182	9.8%	4,846,693	8.8%	3,242,626
Business & Other Sup.Ser.	6,346,693	12.4%	4,246,685	13.1%	4,559,726	11.8%	5,320,939	9.7%	4,792,697
<b>Total Support Services</b>	<b>13,433,917</b>	<b>26.3%</b>	<b>9,840,621</b>	<b>30.3%</b>	<b>11,806,561</b>	<b>30.6%</b>	<b>14,232,532</b>	<b>25.9%</b>	<b>10,315,646</b>
Total Support \$\$	13,433,917		9,840,621		11,806,561		14,232,532		10,315,646
At New Brunswick Enroll.	13,433,917		14,646,149		13,544,568		10,221,021		12,877,737
TPAF Pension	783,521		468,780		538,170		857,598		523,062
Reimb. TPAF SS Contrib.	1,816,329		1,179,071		1,325,480		2,246,038		1,326,789
Transportation	2,693,816	5.3%	685,358	2.1%	1,083,866	2.8%	1,066,626	1.9%	865,504
Capital Outlay	1,028,315	2.0%	405,807	1.3%	355,875	0.9%	1,867,847	3.4%	2,385,408
Special School	706,799	1.4%	279,462	0.9%	425,206	1.1%	122,745	0.2%	149,498
<b>Total Gen. Fund Expend.</b>	<b>51,078,705</b>		<b>32,460,801</b>		<b>38,544,668</b>		<b>54,971,415</b>		<b>36,558,956</b>
<b># of Students</b>	<b>4,785</b>		<b>3,215</b>		<b>4,171</b>		<b>6,663</b>		<b>3,833</b>
<b>Per Student Rates</b>									
Inst. Cost Per Student	4,875		4,376		3,913		3,994		4,342
Admin. Cost Per Student	625		967		674		540		678
Supp.Serv. Cost Per Student	2,808		3,061		2,831		2,136		2,691
Total G.Fund Cost Per Stud.	10,675		10,097		9,241		8,250		9,538

\*At New Brunswick's enrollment means taking total costs of category divided by the # of students for that district times New Brunswick's enrollment to arrive at an equalized expense level.

To ensure our comparison are at like values, the costs for the Asbury Park, City of Orange, West New York and Bridgeton school districts, are recalculated to equate to New Brunswick's enrollment. This provides a direct cost comparison snap shot on a cost per pupil basis. A review of these comparisons illustrates that, overall, New Brunswick's costs are within the high ranges. Administrative costs are lower in total than all compared districts, except West New York. Support service costs are in the median range. Instructional cost and the total cost per student are the highest among the compared districts.

In a review of the actual costs for the past two years (1995-1996, 1996-1997) using the 1998 Comparative Spending Guide published by The New Jersey State Department of Education, the New Brunswick School District ranked 66<sup>th</sup> (1995-1996) and 77<sup>th</sup> (1996-1997) in total cost per pupil among the 84 K-12 districts in the state with enrollments of more than 3,500 students. The total cost per pupil in New Brunswick for 1995-1996 was \$8,245 and in 1996-1997 the total cost per pupil was \$8,758, while the state average was \$7,683 in 1995-1996 and \$7,611 in 1996-1997. New Brunswick's cost per pupil was 7.32% higher than the state average in 1995-1996 and 15.07% higher in 1996-1997 compared to similar district types. During these two years, New Brunswick ranked at the top 12% in most cost categories. New Brunswick ranked below the median in Operations & Maintenance, Food Services and Extracurricular Costs. The following table illustrates the district's ranking for the past three years arranged from 1 (low) to 84 (high):

	1994-95		1995-96		1996-97	
	Actual	Ranking	Actual	Ranking	Actual	Ranking
Cost Per Pupil	7,797	56	8,245	66	8,758	77
Classroom Instruction	5,218	70	5,521	79	5,910	83
Classroom Salaries & Benefits	4,982	68	5,250	78	5,629	81
General Supplies & Textbook	192	64	220	70	224	73
Purchased Services	44	53	51	54	57	55
Support Services	759	59	767	59	814	69
Support Serv. Salaries & Benefits	703	58	698	56	743	66
Total Administrative Cost	999	39	1,064	50	1,103	63
Salaries & Benefits for Admin.	830	45	894	59	915	68
Operations & Maintenance	695	7	732	12	783	21
Sal. & Benefits for Operat./Maint.	377	9	399	14	424	21
Food Service	-	-	47	39	21	19
Extracurricular Cost	74	11	76	11	82	11
Median Teacher Salary	-	-	55,800	58	58,275	65
Median Support Service Salary	-	-	58,100	46	60,750	52
Median Administrator Salary	-	-	82,803	52	85,907	60
Ranked High Ratio to Low						
Student/Administration	-	-	202	22	203.6	26
Faculty/Administration	-	-	12	73	12.5	66

Source - 1998 N. J. D.O.E. Comparative Spending Guide



Using the NJ School Report Card and the Comprehensive Annual Financial Report (CAFR), the following table provides additional comparative data used in this report:

**School Data Comparison**  
**Based on Audit Report and Report Cards**  
**As of June 30, 1997**

<b>Description</b>	<b>New Brunswick</b>	<b>Asbury Park City</b>	<b>City of Orange</b>	<b>West New York</b>	<b>Bridgeton</b>
County	Middlesex	Monmouth	Essex	Hudson	Cumberland
District Type	I	II		I	I
Grades	K-12	K-12		K-12	K-12
District Factor Group	A	A		A	A
Certified Employees	459	316		367	501
Other Employees	206	175		18	145
Total Employees	665	491		385	646
Square Miles	5.22	1		2.2	1.05
Number of Schools					
Elementary	8	3		7	6
Middle		1		1	0
High School	1	1		1	1
Adult High	1	0		0	0
Alternative Sch.	1	0		0	0
Total Schools	11	5		9	7
Student Enroll. (96-97)	4785	3,215		4,171	6,663
<b>Teacher/Student Ratio</b>					
Elementary	1:23	1:25		1:14	1:13
Middle School	N/A	1:20		1:12	N/A
High School	1:20	1:16		1:11	1:15
Alternative Sch.	N/A	N/A		N/A	N/A
<b>Administrative Personnel</b>					
Number of Administrators	32.6	27		28.6	38.5
Administrator per Students	1:147	1:121.2		1:148	1:156.2
Administrator/Faculty Ratio	1:12.5	1:10.7		1:11.8	1:12.3
<b>Median Salary</b>					
Faculty	\$58,275	\$45,515		\$50,413	\$57,020
Administrators	\$85,907	\$81,453		\$74,512	\$80,881
<b>Median Years of Experience</b>					
Faculty	19	16		16	18
Administrators	26	29		22	26
Passing HSPT					
Reading	70.9%	57.9%		40.6%	69.4%
Mathematics	57.3%	72%		43%	78%
Writing	87.3%	71%		67%	83%
All Sections	47.1%	42%		27%	57%
<b>Post Graduation Plans</b>					
4 yr. College/University	25%	25%		28%	58%
2 yr. College	35%	18%		4%	17%
Other Post Secondary School	5%	3%		2%	11%
Military	2%	6%		3%	6%
Full-time Employment	19%	10%		20%	5%
Undecided	14%	38%		43%	3%

\* This information was obtained from the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 1997. All other categories contained on this report were compiled utilizing the NJ School Report Cards for 1996-97 School Years.

## ADMINISTRATION

In the NJ Department of Education - Comparative Spending Guide, March, 1998, among 84 K-12 school districts with enrollment over 3501 pupils, the New Brunswick School District ranked 63<sup>nd</sup> (ranked low cost to high cost) in Total Administrative Costs. Per pupil cost for administration are illustrated in the following table:

	1994-95	1995-96	1996-97
<b>State Average K-12</b>	\$1,055	\$1,042	\$1,028
<b>New Brunswick</b>	\$999	\$1,064	\$1,103
<b>NB % of Total Comparative Cost/Pupil</b>	12.8%	12.9%	12.6%

The district has four key central office administrators - superintendent, assistant superintendent for instruction, business administrator/board secretary and personnel coordinator. The first two individuals have been providing leadership for the district for many years. The last two positions, which were vacated and filled during the current year, have occupants who are new to the school district.

In addition to the three positions above, according to the organization chart the director of pupil personnel services and 11 school principals (i.e. a total of 15 positions) report directly to the superintendent of schools. There are 11 principals and five vice-principals in the respective schools as follows:

New Brunswick High School (enrollment 743) - principal and vice principal  
 Lincoln School and Lincoln Annex (enrollment 493) - principal and vice principal  
 Livingston School (enrollment 376) - principal  
 Lord Stirling School (enrollment 334) - principal  
 McKinley School (enrollment 673) - principal and vice principal  
 Paul Robeson School (enrollment 440) - principal  
 Redshaw School and Demonstration Day Care Center (enrollment 816) - principal and vice principal  
 Roosevelt School (enrollment 691) - principal and vice principal  
 Woodrow Wilson School (enrollment 274) - principal  
 Alternate High School (enrollment 34) - principal  
 Adult Learning Center (enrollment 1980, many part-time) - principal

In the high school there are also department chairpersons for English, business, guidance, and special education.

The assistant superintendent for instruction has several skill/subject supervisors who engage in curriculum development, staff in-service and the evaluation of teachers. There are K-12 supervisors of math, science, early childhood education and the following combination positions:

- Health, physical education, and athletics
- English as a Second Language, language arts, world languages, and library
- Director, Title 1
- District family liaison

The Department of Pupil Personnel services include the supervisor of special education, supervisor of child study teams, administrator of health services, and substance awareness coordinator. There are six learning consultants, six psychologists, seven social workers, one elementary attendance counselor, 13 speech and language specialists, and six secretaries.

The business administrator supervises the director of food services, supervisor of buildings and grounds, transportation coordinator, payroll supervisor, and accounting office manager. There are eight secretaries in this

department, including one administrative secretary, three accounting secretaries, an assistant payroll supervisor and a secretary for each of the other positions listed above.

The personnel coordinator has two administrative secretaries and the superintendent also has one administrative secretary.

#### **General Administrative costs**

A comparative review of New Brunswick, Asbury Park, City of Orange, West New York and Bridgeton of the function 230 - Support Services, General Administration - account for fiscal year 1995-96 and 1996-97 was conducted. This function includes expenses associated with the board of education, executive administration and school elections. The review revealed the followings costs for fiscal year 1996-97 based on the 6/30/97 Audit Report:

#### **Analysis of General Administration Cost for School year 1996-97**

	New Brunswick	City of Orange	Asbury Park	West New York	Bridgeton
<b>Salaries</b>	\$531,184	\$387,460	\$354,009	\$885,748	\$407,840
<b>Legal Services</b>	\$12,490	\$371,493	\$239,988	\$159,050	\$30,623
<b>Other Purchased Prof. Services</b>	\$36,800	\$76,896	\$73,327	\$241,369	\$2,506
<b>Other Purchased Services</b>	\$90,529	\$8,398	\$34,214	-	-
<b>Comm/Telephone</b>	\$175,549	\$157,342	\$149,238	\$168,321	123,386
<b>Insurance Liability</b>	\$128,578	-	-	-	-
<b>General Supplies</b>	\$66,566	\$105,582	\$24,008	-	\$6,029
<b>Miscellaneous</b>	\$19,295	-	\$70,727	\$201,686	\$65,610
<b>Judgments Against the District</b>	-	\$7,500	\$165,746	-	-
<b>Total</b>	<b>\$1,060,991</b>	<b>\$1,114,671</b>	<b>\$1,111,258</b>	<b>\$1,656,175</b>	<b>\$635,994</b>

A comparison of per pupil costs for general administration expenditures (function 230) for fiscal year 1996-97 for New Brunswick and the comparative school districts revealed the following:

	New Brunswick	City of Orange	Asbury Park	West New York	Bridgeton
<b>Salary</b>	\$11	\$121	\$85	\$133	\$106
<b>Legal Services</b>	3	116	58	24	8
<b>Other Purchased Prof. Serv.</b>	8	24	18	36	1
<b>Other Purchased Services</b>	19	3	8	-	-
<b>Comm/Telephone</b>	37	49	36	25	32
<b>Insurance Liability</b>	27	-	-	-	-
<b>General Supplies</b>	14	33	6	-	2
<b>Miscellaneous</b>	4	-	17	30	17
<b>Judgments/District</b>	-	2	40	-	-
<b>Total</b>	\$222	\$347	\$266	\$249	\$166

An analysis of this data reflects that, using the function 230 figures from the 1996-97 audit report, the administrative costs for New Brunswick were \$1,060,991, as compared with \$1,114,671 for City of Orange, \$1,111,258 for Asbury Park, \$1,656,175 for West New York and \$635,994 for Bridgeton. The per pupil administrative costs for New Brunswick were \$222, as compared with \$347 for City of Orange, \$266 for Asbury Park, \$249 for West New York and \$166 for Bridgeton School District. It revealed that New Brunswick's total administrative costs were in the lower range among the comparative schools. However, New Brunswick's communication cost and other purchased services were the highest of the comparative schools.

## BOARD/PUBLIC

New Brunswick is a Type 1 school district, consequently, board members are appointed by the mayor and the school budget is approved by a five member Board of School Estimate. There is no vote by the public on the budget and, this year, there was no comprehensive public explanation, either in writing or verbally, of the school budget. However, citizens did ask questions at board meetings and at the Board of School Estimate meeting. According to several interview comments, there have been three elections in New Brunswick regarding school district type and each time the Type 1 organization has been approved by the voters.

While there has been significant turnover in the board during the past year, recently appointed board members have been active in site-based management, parent-teacher organizations, or in supervising recreational or civic activities for children and youth. All board members manifest a genuine interest in the welfare and education of New Brunswick children and youth and provide representation for the various population groups within the community.

The review team has interviewed each of the seven members of the New Brunswick Board of Education and the Superintendent of Schools and has attended several board meetings. The board has representatives or liaisons to the Board of School Estimate, Bilingual Parent Advisory Council, Middlesex County School Boards Association, Urban School Boards Association, and the New Jersey School Boards Association. The board has a number of standing committees, including the Personnel and Affirmative Action Committee, the Legislative Committee, the Public Relations Committee, the Finance Committee, and the Athletic Committee. While standing committees can be a vehicle for infringement upon administrative functions, the board and superintendent appear to recognize their respective roles and work toward the common goal of educating students.

Board meetings are characterized by written board agendas, with individual items presented in a non-specific manner, without names or dollar amounts, for board actions. Frequently, there are often no written materials

provided to the audience in support of board agenda items. Since a board standing committee has previously discussed most items, often there is little discussion of board actions at board meetings. In addition, several items may be combined by letter or number under one motion for approval. While the board has been generous in allowing audience comments during the board meetings, some persons in attendance express disappointment with the limited amount of information available to them at board meetings. While supporting documents are included in the recorded board minutes, it is relatively rare for a citizen to review board minutes after meetings. In addition, there has been some controversy about the amount of the charge to citizens for reproduction of district documents, i.e. the 1998-99 school budget.

#### **Recommendation:**

**School officials should consider limiting audience participation to two periods during the board meeting, i.e. at the beginning of the meeting to those items on the agenda and toward the end of the meeting to other matters of interest or importance. Bantering back and forth between school officials and individuals in the audience during the meeting reduces the decorum of the meeting. District officials should consider whether broader audience participation would be encouraged by more effective regulation of the tendency toward domination of discussion time by one or two members of the audience.**

**Officials should consider providing, on a more consistent basis, verbal explanations during board meetings of the background facts and reasons for adoption of the action items and/or providing the audience, on a regular basis, with supporting written materials for individual agenda items of importance. Requested public information should be made readily available to citizens without the necessity for scheduling an interview with the board secretary, who may be preoccupied with other duties.**

#### **Board Member/Superintendent Expenses**

An analysis of board member expenses for 1995-96 and 1996-97 school years was conducted. It revealed that most board member expenses, like travel, registration fees, membership dues, hotel and food costs were recorded in the miscellaneous account. Other miscellaneous expenses included car repair, water, gas, etc. Credit and gas cards were only issued to the superintendent and not issued to board members. Most of board member expenses were incurred for hotel (\$1,080), food (\$1,129), transportation (\$396), misc. (\$565), registration fees (\$955) and dues (\$1,905). Overall, funds expended from the board expenses account appear to be appropriate.

#### **Recommendation:**

**The district should consider creating a new extended account to record board member expenses. While the NJ Department of Education does not require such an account, it would provide a more readily available record of board members' spending for future control.**

The district also provided a cellular telephone and vehicle to the superintendent. Even though the district has a shared service arrangement with the city to provide gas and car repair services for the district's vehicles, the superintendent uses his gas credit card for gas and sends out his authorized vehicle for service. The credit cards were mainly used for food and gas purchases. The total gas expense reimbursed to the superintendent was \$2,162 in 1995-96 and \$1,803 in 1996-97. Besides that, the district reimburses his pension cost (5% of his total salary), plus \$200 for a monthly allowance. These costs were paid through the payroll system, but were incorrectly charged to function 230, the general supply account.

#### **Recommendations:**

**The LGBR position is that the issuance of credit cards is not a good practice. The use of credit cards circumvents proper financial and internal controls, most notably the encumbrance of funds. Encumbering funds provides a mechanism to assure sufficient availability of funds to avoid over budget expenditures. Also, credit cards can become too convenient to use, causing the potential for misuse, abuse and extravagance. All expenses over the petty cash limit should be placed on an encumbrance system with reimbursement on the basis of valid receipts.**

**Except for travel outside New Brunswick, the superintendent should use the facility provided by the city for gas and car repair services.**

**The superintendent's reimbursement for pension costs should be charged to the benefit account. It is not appropriate to charge this item to the general supply account.**

#### **Legal Fees**

An analysis of the district's legal expenses over the past two years, 1995-96 and 1996-97 revealed expenditures totaling \$1,900 and \$12,490 respectively. Most of the attorney fees were paid primarily for litigation and personnel matters.

The district appointed a solicitor from a law firm under a one-year contract. The board compensated his service with an annual salary of \$36,750, together with all employee benefits. His pension fees are paid through the board's payroll system and thus the district paid \$1,875 into the contributory pension program and \$8,629 for his benefits. His salary is not recorded as part of the legal service. Including the salary, pension, and benefits costs, the district expended \$59,744 in legal expenses for school year 1996-97.

The salary of the solicitor covers the attendance at all regular and special board meetings, preparation of board resolutions, review and/or preparation of contracts and day-to-day advice to the superintendent of schools and the business administrator. Other than those services covered by the salary, the solicitor charged at a rate of ninety dollars per hour, plus all the other expenses, including filing fees, service fees, court costs, expert witness fees, telephone and photocopy, etc. However, according to the staff in the district, the resolutions are often not prepared by the solicitor as stated in his contract. District staff usually prepares the resolutions. The district also used a separate solicitor to handle the legal aspects of labor relations matters. He was compensated at \$100 per hour for his service. There was no indication that the district has ever prepared Requests for Proposals (R.F.P.s) to seek competitive alternate legal services from other qualified law firms.

A comparative review of legal fees charged to other districts, including Edison, Old Bridge, Woodbridge and Sayreville, indicated New Brunswick is paying the lowest fees per hour for legal services. The following is a comparison of the total fees and basic rates paid for solicitor fees for these districts for the 1996-97 school year:

	New		Old		
1996-97	Brunswick	Edison	Bridge	Woodbridge	Sayreville
<b>Legal fees</b>	\$59,744** \$90	\$343,654	\$142,634	\$63,216 \$110	\$117,849
<b>Hourly rate</b>		\$125	\$125	\$45,000	\$128
<b>Retainer fee</b>	-	\$8,000	\$2,400		\$19,360

\*\* Adjusted legal fees, which included the attorney's salary.

#### **Recommendations:**

**The district should keep track of the total number of hours performed by the solicitor. This management technique provides important information concerning the costs of the salary paid to the school solicitor. The salary and benefits paid to the solicitor are equivalent to 44 work hours per month or eleven hours per week that the solicitor should perform (salary and benefit \$47,254/ \$90 per hour divided by 12 months). The district's policy is that employees who are entitled for benefits must work more than twenty-five**

hours per week. Therefore, the payment of benefits and pension contributions for the solicitor is not in accordance with policy. Also, since the solicitor does not have specific times or work hours with the district, this service should be classified as a “vendor” relationship with the board. The district should consider revising his contract and enter into an agreement with the solicitor by paying retainer fees for his service.

The district should consider seeking “Requests for Proposals” for the purpose of promoting competitive legal fees from different law firms to ensure, at the very least, that the district is paying fees comparable to the “market” fees.

#### **Auditor Fees**

The district has utilized the service of the same auditor for more than ten years for its annual audit. The district expended \$49,100 in 1996-97 for audit fees. The auditor was appointed by the board with a written contract listing all the costs and services provided to the district. The audit fees included \$36,800 for preparation of the district’s Comprehensive Annual Financial Report (CAFR), \$9,400 for additional analysis of the district’s food services audit, and \$2,900 for the Title I audit for school year 1996-97. There was no indication that the district had ever prepared Requests for Proposals to seek competitive alternate auditing services from other qualified accounting firms.

**The review team found errors and inaccurate reporting in the audit and CAFR reports. Example: the benefit costs for food service workers were incorrectly charged to the miscellaneous account and the salaries were overstated in Schedule F-2 (Enterprise Fund) in school year 1995-96 and 1996-97.**

The review team conducted a comparative review of auditor fees charged to the New Brunswick, Edison, Old Bridge, Woodbridge and Sayreville school districts. The New Brunswick Board of Education is paying the highest rate for auditing services. The following are the comparisons of basic rates for audit expenses of various school districts for 1996-97:

	New		Old		
1996-97	Brunswick	Edison	Bridge	Woodbridge	Sayreville
General A/C	\$36,800	\$32,000	\$26,875	\$41,440	\$13,000
Special	\$12,300	\$2,000		\$3,375	\$1,000
Total	\$49,100	\$34,000	\$26,875	\$44,815	\$14,000

#### **Recommendations:**

**The district should seek Requests for Proposals for the purpose of promoting competitive audit fees from different accounting firms.**

**The board should review the auditor’s contract and build in a statement of assurance of accuracy.**

## INSTRUCTION

All of the district's school sites, to include both the Alternative School and the Adult Learning Center, were visited in the effort to collect data about their operation. The district's eight elementary schools are neighborhood based, housing grades from a full-day pre-kindergarten through the eighth grade. Programs for pre-school handicapped students are available at McKinley and Robeson Schools. Redshaw School has a Demonstration Day Care Learning Center, which operates a couple of programs, which serve four-year-olds. Lincoln School and Annex serve as the Professional Development School for staff. A childcare program is operated at New Brunswick High School by UMDNJ. The district has a structured written curriculum, which is revised by skill and/or subject on a regular cycle, and instructional textbooks are replaced about every five years.

On several occasions, the team was advised that the district's philosophy was to maintain reasonable class sizes so as to avoid classroom overcrowding and to promote the delivery of an improved level of instruction. The district's inner city schools, Livingston, Redshaw, Robeson and Roosevelt were densely populated, thus they had larger class sizes. The New Brunswick High School and McKinley School's enrollments were not close to their room capacities. Woodrow Wilson School is currently undergoing some construction to expand the capacity of its facility.

According to the NJ Department of Education - Comparative Spending Guide, the total cost per student in the district in 1995-96 was \$8245 and in 1996-97 was \$8758, with ranks of 66 and 77 in those years among 84 school districts with enrollments of 3501+ (ranked low to high). Total classroom instruction in 1996-97 ranked 79 and in 1997-98 ranked 83, while classroom salaries and benefits ranked 78 and 81 respectively. Classroom expenditures for general supplies and textbooks were \$220 in 1995-96 and \$224 in 1996-97, with rankings of 70 and 73 respectively. New Brunswick instructional expenditures are within the top 12% of this enrollment group.

### **Primary School**

One of the most exciting recent developments in the district is the expansion of the primary school program by the addition of full-day kindergarten and the preschool early childhood program. The district contracts with the Puerto Rican Action Board for the all day education of 80 preschool children (formerly Goodstart). Research shows that an enriching pre-kindergarten experience reduces the chances that disadvantaged children will be retained or assigned to special education in the early grades. In 1997-98, the district maintained eight board-funded preschool handicapped classes. The district also added six more kindergarten classes, four are located in three elementary schools and two classes are located off-site in a rented space which reportedly meets all necessary building codes. In February, 1998, there were 570 kindergarten students. Moreover, 316 students were enrolled in preschool, an increase of 76 pupils, or 33% over the previous year. There clearly is a need for additional preschool instruction, as students are admitted on a "first come first serve" basis. Reportedly, the district could have opened an additional nine preschool and six kindergarten classes in September, 1997.



Elementary classroom enrollments by grade and high school count in February, 1998, were as follows:

Preschool	316	Grade 6	307
Kindergarten	570	Grade 7	298.5
Grade 1	554	Grade 8	236
Grade 2	510	Elem. Spec. Ed.	365
Grade 3	392	Total Elementary	4,241.5
Grade 4	359	Grades 9 - 12	743
Grade 5	334	Alt. School	34
Grand Total Pre-K - 12			5,018.5*

\*District ethnic enrollment was identified as Hispanic - 50%; Black - 44%; White - 4% and Other - 2%

#### **Recommendation:**

**The recent emphasis upon preschool and primary education bodes well for the future educational success of New Brunswick children. A good primary education lays the foundation for improved achievement at higher levels. However, since only about 55% of the age group is currently enrolled in the public preschool program, further preschool and kindergarten expansion should be considered as directed by the NJ Supreme Court and submitted by plan pursuant to the NJ Administrative Code.**

#### **Middle School Concept**

New Brunswick has the somewhat unique situation of having elementary schools with pre-k to grade eight organizations. At one point many years ago, the district had both a junior high school and a middle school. Unfortunately, the concentration of sub-teen students in one location created activity and tensions which were not deemed to promote positive educational growth. The current organization has the positive benefit that most students in grades six to eight have been in the same building for several years and are known by their teachers. The relatively small numbers of students at each grade level, in each building, admittedly, has a calming effect.

There are a number of disadvantages to the absence of a middle school or schools. Students from grade eight have a difficult and somewhat abrupt adjustment when they reach high school. While the high school will have block scheduling next year, the high school departmentalized schedule of classes is quite different from an elementary school classroom. Only two elementary schools, i.e. Woodrow Wilson and McKinley, have fully equipped science laboratory classrooms. The other elementary schools have science lab portable carts, which are revitalized periodically. There are four science specialists who serve as mentors to upper elementary teachers and four schools have one teacher teaching science. While these adjustments are strengthening the science program, most middle school students in New Jersey have exposure to science labs. In addition, other specialized facilities, such as media centers (school libraries) can provide a more abundant supply of books, materials, computer software, etc. which is age and subject appropriate for middle school children.

## **Recommendation:**

**In conjunction with the models of Whole School Reform and, in view of the improved school climate in New Brunswick, consideration may need to be given, in the near future, to establishing one or two middle school settings for grades six to eight. This would ease the transition from elementary school to high school and provide the opportunity for some additional specialized facilities and staff in the upper elementary school grades to meet the unique educational needs of this age group. Students entering high school should then be better prepared to deal with a high school setting. Two middle schools would involve less student transportation and be more personal, as instructional staff can know each student in a school of 500 or fewer in enrollment.**

**District officials should endeavor to negotiate an increase in the instructional time for all elementary school students by 10 to 15 minutes per day. This could be accomplished by commencing school (preK-8) each day at 8:45 am, rather than 9:00 am.**

## **High School**

Throughout the review team's visit to the district and at board of education meetings, there were frequently expressed concerns about the high school. Critics contend that many members of the high school faculty do not have high enough expectations of student academic performance. There has also been criticism of the number of student suspensions and dropouts, test scores which, although higher than most other special needs districts, are often disappointing when compared with state averages, occasional student disruptions in the cafeteria, false fire alarms, etc. There have been group tensions between black and Hispanic students, who, in combination, compose the vast majority of the student body. With a very high rate (40%) of student transience, the school is challenged to accommodate the needs of students who move within the community, or are new to the school throughout the school year. The district loses many of its most motivated and/or highest achieving students during the middle and junior high school grades when parents opt for private or parochial schools or move out of district. Consequently, as compared with other school districts, New Brunswick has a high percentage of classified students in its enrollment. In addition, the high school has an expanding number of students who are non-English speaking. A significant number of students who attend do not remain in the high school, either dropping out or being transferred to the alternate school or electing to attend the adult learning center. It is also widely recognized that the high school, in addition to deficiencies of substance, has an image problem with historic dimensions. There is a community-wide and long-standing impression that the high school has "problems". District officials are currently searching for a new principal to provide leadership for a school, which is perceived by many persons as not meeting its full potential.

Many district resources are provided to the high school. There is a comprehensive secondary curriculum, which is designed to meet the needs of a diverse student body. District officials are endeavoring to improve the school by adding more academically challenging courses for college preparatory students, instituting block scheduling, increasing the amount of instructional time and staff in-service activities. Some teaching and supervisory staff are not rehired when expectations are not met. There are school-to-work programs, extensive expenses for technology and specialized equipment, small class sizes for more individualized instruction, after school instruction, and a myriad of partnerships with business and community organizations to expand and enhance opportunities for student growth and development. There has been a grant to study the concept and feasibility of establishing theme high schools, such as science and technology and the performing arts. These visions have not materialized, primarily due to funding and facility limitations.

High school enrollments by grade in February, 1998, were as follows:

Grade	9	10	11	12	Spec Educ	Total
Enrollment	239	166	157	130	51	743

While the New Brunswick Public Schools have most of the challenges, perhaps on a smaller scale of other urban schools, such as a lower socioeconomic population, an initial location for new immigrants (many arriving with

limited education from third world countries), a highly transient population, and adverse conditions within many families and neighborhoods, it also has many advantageous resources such as supportive community organizational and business leaders, many dedicated professional and support staff and relatively high per pupil expenditures as an Abbott district. While many urban centers are in a state of deterioration and despair, New Brunswick is making progress in continually addressing many of its challenges, both as a community and as a school system. Indeed, significant further improvements are needed, particularly in the areas of school construction and student aspirations/achievement, and progress is, at best, gradual and, at times, disappointing. However, there is an atmosphere of planned institutional and school engagement which relies upon a positive attitude that school improvement and individual student successes are possible, and, either are occurring now, or are likely to occur in the near future.

#### **Recommendations:**

**The district appears to provide ample financial and staffing resources for a successful high school. Extension of the length of the school day, block scheduling, and increasing the expectations for student achievement are promising actions which should enhance student success. Some community leaders encourage expanded summer school opportunities. In order to compete with the typical New Jersey high school, the high school must be able to attract and retain the entire range of secondary age students, including a larger proportion of students with college and “middle class” aspirations. A part of that process is to enhance the image of the high school through school-to-home communications and general publicity about available secondary school programs, with accurate promotion of student successes and achievements.**

**There is also legitimate concern about the relatively high drop-out rate at the secondary level. To ensure accurate drop-out statistics, the district needs to track and accurately report transfers from the high school to the adult high school, to the alternative school and to out-of-district schools. Reportedly, due to a lack of information and/or communication among schools, some of these student transfers are being listed as “drop-outs.”**

**The district has an above average student transient rate, both elementary and secondary. During the past two years, the district has been having a net loss of student enrollment from grade to grade as early as grade two. The district needs to conduct an in-depth study of student mobility at all grade levels. At the primary level, young families in rental housing may be moving out-of-district due to an increase in family size and the need for more suitable housing. On the other hand, any mobility that is due to perceived or real school deficiencies should be identified. The district needs to periodically update information about its changing clientele and the reasons for the relatively high rate of mobility.**

**There has been discussion and planning for construction of a school to replace the Lord Sterling School for nearly a decade. Student enrollments have substantially exceeded district projections, full-day kindergarten and expanded preschool programs require more space, plus there is ample evidence of the need for improved school facilities and the cost of rented instructional space, etc. Currently, the delay in initiating construction appears to be related to questions concerning who will finance the project, the state or the local district. This school construction project should proceed as soon as possible.**

#### **Bilingual/ESL**

The district has an increasing number of students, at all grade levels, whose native language is not English, due primarily to an influx of families from Central and South America. To enhance communications, district bulletins, booklets, etc. commonly are printed in both English and Spanish. A total of 1,214 students are receiving service through the Bilingual/English-as-a-Second Language (ESL) instructional programs. Additionally, there are some classified special education students being served who are not included in this total. The district has a comprehensive program for its students who have limited ability in comprehending and communicating in their native and/or the English language. For example, the high school schedule has more than 55 separate Bilingual/ESL classes in grades 9 through 12. The district’s goal is to move students out of these programs into

the regular instructional curriculum within three years or less, depending upon individual students' ability to grasp the fundamentals of communicating in the English language.

There is an intake center located in the Roosevelt School for students up through grade three (possibly to grade four), Redshaw School for grades four through six and at the high school for grades seven and eight. These centers address the needs of children with more substantial educational deficiencies, such as the total lack of formal schooling, which impact negatively upon their being ready to be placed in a bilingual or regular ESL class.

### **Talented and Gifted**

The district has a full-time talented and gifted program (TAG) for grades four through eight district wide, which is located in McKinley School. Professionally qualified persons follow established procedures to identify these children who, by virtue of outstanding abilities, are capable of high performance. These students require differentiated educational programs and/or services beyond those normally provided by regular school programs in order to realize their contributions to self and society. Identified students have demonstrated and/or have the potential for high performance in these areas:

- General intellectual ability;
- Specific academic aptitude;
- Creative or productive thinking;
- Leadership ability; and
- Psychomotor ability.

The district has one of the few full-time TAG programs in the area, as gifted and talented students in most school districts are "pulled" out of class for separate instruction during only a part of the school day. About 25 students are identified in grade three each year, and with some students transferring from the TAG program or out-of-district, there are usually about 90 students in the five-grade program. Program opportunities for advanced study include, Japanese in grades five and six, and French and high school algebra in grades seven and eight. The TAG program is departmentalized in grades six, seven and eight.

### **Recommendation:**

**The district has a unique TAG program which could accommodate at least ten additional students and still maintain class sizes of about 20 to 22 students. With some promotion, the program has the potential to attract some students from out of district on a tuition basis of at least \$8,000 per student.**

**Revenue Enhancement: \$80,000**

### **Driver Education**

Driver education is provided at New Brunswick High School as part of the health curriculum. The program only provides thirty hours of classroom instruction. Since the simulator in the district is over thirty years old and outdated, the district can not use that for simulator instruction. Under this program, four full time teachers teach driver education to over 320 students in grades 10 and 11 this year. The district currently offers driver education in both grades due to the fact that the district wants to move this course from grade 11 to grade 10. During springtime, the district offers the state written test in the high school, and if passed, students can take behind the wheel training at their own expense. The district received free videotapes from General Motors and the Ford Company for this course, which is a cost-effective practice.

### **Recommendation:**

**The district should consider purchasing a couple of simulators and start offering simulation instruction for this course.**

**Value Added Costs: (\$16,000)**

### **Alternative School**

When the team visited the Alternative School, the outgoing principal conducted the tour of the area currently housing the program, which is located on the third floor of the Middlesex County Vocational School building. At the present time, the district is renovating space in the district headquarters building. This space is anticipated to be available for the opening of the 1998-99 school year. The school's enrollment is 34 students, all of whom are classified. When the school moves into the new space, an increased enrollment is projected. Not only will the new quarters accommodate a larger number of students, but will be able to provide a comprehensive program consistent with the requirements of each individual student's IEP. Pursuant to code, the district must submit a plan to DOE delineating how it will provide demonstrably effective and supplemental programs pursuant to the particularized need of its student, the time line and a budget. If, when the new facility is available, the district were able to plan to open its enrollment to possibly 20 similarly classified students from adjacent school districts, the district would be able to realize additional revenue. These additional students would probably necessitate the hiring of two teachers plus two teacher assistants at a cost of approximately \$140,000. Current services could be expanded to include these students at a reasonable additional cost.

### **Recommendation:**

**The district should give consideration to increasing the future enrollment at the Alternative School by offering space to neighboring districts at an appropriate tuition.**

**Net Revenue Enhancement: \$35,000**

### **Adult Learning Center**

New Brunswick serves as a center for relocation of new immigrants and many incoming adults who do not speak English and/or have limited educational background. The adult learning center (ALC) serves a critical function by providing several programs, which offer inexpensive opportunities for prospective new citizens and, particularly, for native high school dropouts. The major goal of the adult high school is to offer instructional programs designed to enable adults and out-of-school youths to acquire a high school diploma and/or basic communication, computation, and life skills necessary to function and contribute independently as parents, workers, consumers, and citizens.

The school's current enrollment is 1,980 students in a wide variety of offerings. A counselor assesses the incoming students to determine the particular program to be pursued and assigned to meet student needs. The center relies heavily on receiving money through grant proposals, thus on 3/6/98 five applications were completed for submission to appropriate grantees. ALC runs a consortium project, the NJ Youth Corps of Middlesex County, a special program which links school to work for youth aged 16-25 who have dropped out of school. The program offers high school diploma preparation, community service work experience, employability and attitudinal skills training, personal and career counseling and placement services. The county provides \$448,860 and the district budgets \$202,880. Partnerships have provided more than \$700,000 in grants to service over 1,500 students since July 1, 1997. Additionally, other programs have provided services and, in turn, the students have provided free service to others, especially through the NJ Youth Corps who provided \$173,930 worth of labor to various community agencies during the 1996-97 school year. The Hire Attire Boutique, an outstanding activity at the learning center, is an alternative work experience program where students can obtain appropriate clothing to wear when going out into the world of work.

### **Recommendation:**

**District officials are successfully coordinating the use of federal, state, local and partnership funding sources to finance "second chance" educational opportunities for low income citizens and prospective citizens, both teenagers and adults. While establishing priorities for educational needs with limited available funding is always a challenge, district officials recognize that educated adults are critical to employability, family stability, and the prospects for well-educated children. Contrary to some tendencies toward narrowing the**

**missions of educational institutions, such “second chance” and in some instances “second location” educational opportunities for adults have long been a strength of the American education experience.**

**With an annual budget of approximately \$1.5 million from all sources and a student enrollment of 1980, or an annual per pupil cost of less than \$775, the review team concludes that the ALC is very cost effective.**

**With a staff of nearly 60 persons, mostly hourly employees, and numerous evening programs, there should be a careful review to determine whether there is a need for additional supervisory assistance. This may become more financially feasible next year when the ALC is located in the district central office building and the \$162,000 annual rental payments are eliminated.**

## **INSTRUCTIONAL SUPPORT**

### **Guidance**

The high school has a counseling chairperson, three regular counselors, a career center counselor, and a substance abuse counselor. The three counselors and the department chairperson, with half of a counseling student load, provide a student counselor ratio of about 225 to 1, which should provide adequate counseling services for high school students.

A New Brunswick Tomorrow Education and Youth Task Force has led a three year school-to-work initiative, which includes a Bridge to Employment \$90,000 three year project. Consequently, the high school has a state-of-the-art career counseling and instruction center. Individualized career counseling, vocational testing, and an extensive collection of computer software and up-to-date printed career and college materials are provided for high school students. In addition, there are twice-a-year units on career exploration for grades K - 8, which are designed to create a portfolio to follow students as a school record and to produce systematic school change to get children ready for work.

There are four guidance counselors for the eight elementary schools, with each counselor assigned to cover two schools.

### **Recommendation:**

**The district has developed school-to-work programs and career counseling which are exemplary. However, the district should examine its staffing for elementary school guidance counseling in relation to NJ Department of Education suggested staffing for special needs districts.**

### **Library**

The four, more recently built, schools, including the high school, Paul Robinson, Woodrow Wilson, and McKinley, have libraries that are more modern in design and space. The older schools have libraries, which typically are classroom size. While NBHS has a good collection of books and material, the elementary schools generally have very small collections of books. They are particularly substandard for grades four through eight. McKinley School, in particular, has library facilities that are modern in design and space; however, it contains very few books and materials.

The district employs six librarians to serve nine schools. In comparison with the staffing practices in other school districts, the larger elementary schools, such as Redshaw, McKinley, Roosevelt and Paul Robeson, should have a full-time librarian, rather than sharing a librarian with another school.

The 1998 Multi-Year Curriculum Plan contains units on library studies in “Review and Pilot of Textbooks and other Instructional Materials”. The current condition of elementary school libraries, with limited staffing and relatively few books and materials, does not appear compatible with these types of curricular activities.

### **Recommendation:**

**The district should review the library staffing and inventory of library books and materials to determine adequacy relative to instructional goals.**

### **Health Services**

Health services in the district are organized under the director of pupil personnel services and are headed by an administrator who supervises the ten school nurses in the district. This office is also responsible for contracting with physicians to provide a variety of health related services to the district. The health services administrator is responsible for supervising one full time medical doctor on staff and contracting a variety of medically related health services for the district. This office is primarily responsible for assisting in the provision of services to special education students and the school health services program. In addition, this office develops and provides advice on health related issues in the district.

### Summary of Health Services Costs 1995/96 & 1996/97

Spending Category	1995/96	1996/97	Change
Salaries	\$558,721	\$595,873	\$37,152
Prof. & Tech. Services	\$89,980	\$89,674	(\$306)
Supplies & Materials	\$17,292	\$17,324	\$32
Other Objects	\$420	\$488	\$68
<b>Totals</b>	<b>\$666,413</b>	<b>\$703,360</b>	<b>\$36,947</b>

The cost of health services within the district increased by almost six percent during the two-year period between the 1995/96 and 1996/97 school years, which was due entirely to increases in salaries. The average school nurse in the district has been on the job for more than 16 years, with an average salary of \$54,000 per year. Five of the ten nurses in the district earned salaries of more than \$60,000 during the 1996/97 school year and four nurses are approaching retirement age.

The district has had problems maintaining physician services. Currently, there is one full time physician on staff and ten other physician positions under contract on a part-time basis. The district students currently receive free dental examinations and have one medical van under contract. The district experienced a marked increase in the number of student physical examinations, and in particular neurological examinations, during the 1996/97 school year. The total number of medical, neurological, psychiatric and audiological examinations increased from 272 during the 1995/96 school year to 360 during the 1996/97 school year. These examinations do not include the routine physicals given new students and staff upon entry into the district.

### Parental/Community Involvement

The district is endeavoring to involve parents in the education of their children through a variety of activities including:

- School Based Parent Committees
- Back to School Nights
- Parent Teacher Conferences
- Academic Fair
- Open House at each school
- High School Orientation
- Gifted and Talented Council
- College Fairs/Career Workshops K-12
- Monthly Principals' Meeting with PTAs/PTOs
- Parenting Workshops

The district employs a District Parent Coordinator and a Bilingual Community Agent, who write informational booklets and plan school meetings for parents. Publications are printed in both English and Spanish. Reportedly, a relatively small percentage of parents normally attend planned school activities. The district has school based management committees at each site, which vary in relative success from very active to those with more sporadic attendance.

The district receives feedback from the community every two years through surveys of New Brunswick residents conducted by the Eagleton Institute's Center for Public Interest Polling. In the 1996 survey, residents with children in the public school system (45%) were more likely to be positive about the schools than are those without children in the schools (25%). Also, positive ratings among public school parents are 10 percentage points higher than they were two years before. Residents gave higher positive ratings to the public elementary schools (31%) than they did to the public high school (21%).

Residents opinions on change in the school system have improved in the past two years, with 15% saying that the city's schools have improved over the past few years (up from 9% in 1994) and 11% saying the schools have



become worse (down from 19% in 1994). In addition, 48% say the schools are the same. With an increasing number (20%) of the respondents not knowing how to assess improvement, residents reportedly may be in the process of re-assessing the public schools.

#### **Recommendation:**

**While the district is making progress in involving parents in the education of their children, there is obviously need for further emphasis in both parental involvement and public relations with the larger community. Apparently, residents without children in the public schools are not familiar with the many positive educational programs that are offered by the public schools. The district should review the NJ Department of Education recommendations for staffing for community agents in Abbott districts and consider employing additional personnel as needed in this area.**

## **HIRING PRACTICES**

During the period July 1, 1997 through March 10, 1998, the district employed a total of 148 new employees, which included 89 teachers, 32 teacher assistants, seven secretaries, six administrators and supervisors, four custodians, two security personnel, one community agent, one coordinator of student activities, and one JROTC instructor. Since personnel recruitment and selection are critical elements in the accomplishment of district objectives, and salaries and fringe benefits comprise the largest part of the school budget, hiring practices are an important aspect of this review.

Of the 89 teachers employed, 60% were hired on the Bachelors degree column and 40% were employed in the following columns:

- BA + 30 5.6%
- MA 21.3%
- MA + 30 10.1%
- Doctorate 3.4%

Correspondingly, 60% of the teachers were hired at steps 1 to 5 of the salary guide and 40% were hired at steps 6 to 13. Step 4 was the median step for employment.

Beginning teachers' salaries ranged from a low of \$25,200 to a high of \$59,875 with a median of \$29,200 and an average of \$31,800.

#### **Recommendation:**

**School officials should examine their hiring practices to determine whether the current teachers' salary guide is competitive with other school districts in Central New Jersey. With 40% of the teachers being hired above step 5, within a few years many of these relatively new teachers will be eligible for the "balloon" salary increases at step 12 and, a year later, they will be at the top of the salary guide. These hiring practices create conditions that encourage added pressure during negotiations for further increases at the highest steps on the guide. Instead, the district should negotiate a competitive salary guide, particularly in the beginning steps, and develop a hiring policy to establish a framework for employment decisions which meet district goals and needs.**

During the past seven months, the district has employed 32 teacher assistants. Step four was the median step of beginning employment, while 62.5% of the teacher assistants were hired at steps 1 to 5 and 37.5% were employed at steps 6 to 11. The initial individual salary range was from \$10,500 to \$19,300, with an average salary of \$13,559.

During the same time period, the district employed seven secretaries, five on the 10-month column and two on the 12-month column. All seven secretaries were employed between steps 7 and 13 on the salary guide, with a range

of \$16,300 to \$42,624 and an average of \$23,303. The median step of beginning employment was step 11. Since no secretaries are currently located at steps 1 through 6 on the guide, it appears that the first five or six steps on the secretarial salary guide are “out of touch” (i.e. noncompetitive) with the reality of secretarial employment practices in the area.

#### **Recommendation:**

**The district should consider, in current negotiations, revising some of the lower steps on the secretarial guide, which do not seem to serve any purpose at this point, to better reflect current secretarial employment practices in the area. These steps on the published secretarial guides give an erroneous impression of the salary levels, which the district must pay to employ secretaries.**

Four custodians were hired between steps four and six on the salary guide, with an average salary of \$16,600 and a range of \$15,000 to \$17,300. Two security personnel were employed at steps 1 and 2, respectively, on a three-step guide, with a salary range of \$11,700 to \$18,200.

The district employed six new administrators and supervisors with four professionals placed at steps 12.5 and 13 of the teachers’ guide to be multiplied by the negotiated NBLA ratio and two new administrators were employed in the central office. The beginning salaries range from \$70,639 to \$97,000 and average \$81,514. With the retirement of several administrators, the total district average administrative salary actually declined from \$85,907 in 1996-97 to \$82,752 in 1997-98, according to the NJ Comparative Spending Guide.

## **TECHNOLOGY**

The New Brunswick Public Schools Five-Year Technology Plan was approved in December, 1997. During the 1997-98 school year, the district had the following major objectives to provide:

- Purchase of over 120 new PC’s in classroom, labs and offices.
- Installation of the District Wide Area Network (WAN) which provides data communication among schools, e-mail and Internet access.
- Installation of Internet and e-mail in all offices, computer labs and some classrooms.
- Incorporate more uses of technology into the existing curriculum.
- Professional in service development of administrators, faculty and staff.
- Automation of the library at McKinley School.

Prior to the current school year, only 10% of the classrooms in the district had a computer. With the installation of over 120 new computers, most elementary classrooms now contain at least one computer. Grants from the Statewide Systemic Initiative and Eisenhower Funds have facilitated the purchase and integration of some software programs and CD-/ROM’s into the curriculum. Due to the economic status of the students, they are more apt to use technology at school for study purposes than at home. The absence of computers in the home makes equity of access to technology within the school even more important.

In New Brunswick High School, the business department has three computer labs, including a new 20-station laboratory for accounting and other business courses. Students have access to a career center with 15 networked multimedia computers and access to the internet. Most of the mathematics, English, and science classes have a multimedia computer. The mathematics and science classes also utilize a laboratory of 16 computers throughout the day for research and analysis. A general-purpose laboratory with 20 multimedia computers is available during the day. This laboratory is also open after school for students and staff until 5:00 p m.

During the 1997-98 school year, the district has expended about \$400,000 in the purchase and installation of wiring and equipment for a WAN that will connect networks of computers at each school for data communication and internet connection. Each school has a server computer, 10BaseT hub, Cisco router and Campus T-1 interfaced with a central Campus Star CNS-700 to maintain T-1 speed on plain copper cable. The district has

purchased a high speed T-1 fiber outside line and Internet service for \$27,000 in the first year, with the service provider responsible for maintaining the equipment. The district plans to file an "E" rate application with the Federal Communications Commission for a 90% subsidy from the Universal Services Fund, which could reduce their local annual costs next year to about \$2,700 for the T-1 line and Internet service. The district also has network management software that enables remote software installation and removal from a central location. The district has a highly trained technology specialist and several part-time technicians who operate the system. The installation of the WAN, which, unfortunately, has been a lengthy yearlong process, should be fully operational by 1998-99. The eventual completion of the WAN will be a major step in upgrading computer technology in the district.

A technology "summit" hosted by New Brunswick Tomorrow (NTB) and the Rutgers Graduate School of Education has stimulated technology training for administrators and many of the ideas in the technology plan. There is increasing recognition that teachers must a) value technology as tools to enhance learning, b) be comfortable and knowledgeable in using the diverse technologies, and c) know how to integrate technology into instruction to improve learning. During the 1996-97 school year, the district offered 10 computer or Internet courses, which were attended by 145 staff members. Teachers, principals and Johnson & Johnson volunteers are creating a course catalog of technology workshops for faculty use next year.

The high school library and the McKinley Elementary School library are currently computerized with the Winnebago Library Automation System, which allows students to cross-reference the entire library card catalog instantly. The high school library has a dedicated terminal connected to the New Brunswick Public Library. Students with a city library card can check out books from the city library and have them delivered to the high school.

Until the current year, the implementation of technology in the New Brunswick Public Schools was substandard in comparison with many other public schools. The purchase of 120 computers, plus several printers, and the anticipated completion of the installation of the WAN will move the district forward significantly during the current year. The Technology Plan provides a vision for providing students with opportunities for successful participation in the information age.

#### **Recommendation:**

**The district expects to receive about \$210,000 in Distance Learning Aid for 1998-99; however, unfortunately, there are no local funds budgeted for the plan, which will leave the Technology Plan significantly under funded for next year. District officials should consider developing more consistent and adequate funding for implementation of the technology plan in the near future.**

#### **Administrative Use of Technology**

Technology is a vehicle for accessing, processing and reporting information that is useful in planning and decision making. New Brunswick Public School administrators and support personnel have access to computers, software programs and databases which are used to deliver services to staff, manage programs, and develop state and federal reports. All of the schools have had access by modem and phone to the student management system at the high school, which includes student data, grading, scheduling, attendance and reporting. Marking period grades can be transferred via scan sheet directly to the school report card system in grades 9-12. Special software supports a high school attendance/discipline notification system. Child study team and guidance offices are computer equipped and connected to the network. In the future, all office computers will be connected to the WAN without the use of modems.

Central office utilizes Automated Data Processing (ADP) for payroll; however, local staff must provide the information for payroll processing and then post it for accounting purposes. The district uses a remote shared time computer software system in another school district for accounting. Local personnel have considered a purchased personnel office software package as of limited effectiveness.

#### **Recommendation:**

**The district needs a significant upgrade in both training for central office staff in computer use and in PC-network hardware and software. The district should consider the purchase of an integrated management information software system that will handle payroll, accounting, budgeting, personnel, and any other data functions as integrated packages to provide access to information and avoid multiple entries of the same data. The system data files should follow industry standard formats to enable the user to easily export data to most popular applications. The application should have built-in user defined preferences, visual data presentation, and easy and intuitive interface with the users.**

**Value Added Cost: \$25,000 to \$30,000**

### **Communications/Telephones**

Based on the audit report, the district expended \$149,768 in 1995-96 and \$175,549 in 1996-97 for communication/telephone cost charges. The district's telephone and postage costs are charged to this account, with the major portion coming from telephone expenses. A comparison of New Brunswick's communication expenses with schools of similar size and demographics revealed New Brunswick's expenses to be the highest for the 1996-97 period. The per pupil cost was \$37, which is the second highest in this group.

The team analyzed the communication cost for the 1995-96 and 1996-97 school years and, according to our review, the total communication costs have increased 17% between 1995-96 and 1996-97. The main factor that contributed to this increase was the 72% (\$16,868) postage cost. The district spent \$102,540 (1995-96) and \$117,508 (1996-97) in local usage, \$17,898 (1995-96) and \$11,476 (1996-97) in long distance usage, and \$5,944 (1995-96) and \$2,292 (1996-97) in cellular phone costs. The district issued six cellular phones to the top administrators, which included the superintendent, assistant superintendent of curriculum, business administrator, technology specialist, supervisor of buildings and grounds and the athletics department. For the current school year of 1997-98, the district had terminated four cellular phones. However, the cellular phones for the supervisor of buildings and grounds and the athletics department are still in use.

In reviewing the costs associated with the telephone service, the review team also looked at the reimbursement procedure for personal usage by employees. Under the present system, employees can make long distance calls without going through the district's operator thereby identifying themselves and the number being called. When the bill is received, the district collects the charges from the employee for personal calls.

An analysis of telephone expenses for the 1995-96 and 1996-97 periods revealed that the district expended \$2,500 (1995-96) and \$4,256 (1996-97) for directory assistance calls and \$537 (1995-96) and \$665 (1996-97) for complete calls. On the average, district personnel make more than 1,300 directory assistance calls each month.

### **Recommendations:**

**It is the position of the LGBR that due to the relatively high expense, the issuance of cellular phones at this time is not a sound economical practice. Cellular phones are convenient to use and employees may develop a tendency toward unnecessary or extravagant expense. It is our suggestion that cellular phones should not be issued, except possibly in emergency situations.**

**Cost Savings: \$2,292 - \$5,944**

**The district should consider implementing a telephone directory software program in the entire district to eliminate directory assistance charges. This program provides most of the telephone information within the United States.**

**Cost Savings: \$4,921**

**The district should consider initiating the use of individual PIN's for telephone usage, both to simplify reimbursement procedures, and to increase employees' accountability for personal phone usage. Inclusion of such a system can be negotiated with the telephone service providers.**

**Total Cost Savings: \$7,213 to \$10,865**

### **Photocopiers**

According to the inventory asset report, which was conducted by Industrial Appraisals, Inc., in August 1997, the school district had a total of 48 copy machines located in 11 sites. The acquisition cost of the photocopiers was in excess of \$783,308 and ranged in price individually from below \$1,500 to above \$49,000. Most elementary schools contain between two and four copiers. The central office contains nine copiers and the high school contains ten copiers. Most copiers were purchased after 1990; however, four copiers were purchased before 1988. Most of the copiers were purchased from the same company. The district uses eight years as the estimated useful life for copy machines to compute the depreciation cost. Depreciation of copy machines is computed using the straight-line method. They purchase all copy machines, paper and supplies through state contract.

Photocopying costs can be quite high. In school year 1996-97, over \$158,613 was paid for the equipment maintenance service. The service agreement for each of these copiers includes a maximum number of copies per month, after which the district is billed for an additional cost per copy. The cost per copy ranges from \$.0066 to \$.0157. Most machines in the district are significantly exceeding the limitation, as the district makes close to one million copies per month. There are forty out of forty-eight copy machines with service contracts. The district does not have service contracts for the old copy machines. The service costs vary, ranging from \$15 to \$273 per month. Including service costs, but excluding paper costs, the district is paying an average cost of \$.012 to \$.069 per copy.

The state has recently issued a cost per copy contract which is available for school district's use, where the customer contracts for photocopies, not photocopiers. Under this agreement, the vendor provides the institution with a copier to use; the school district does not rent, lease or buy the copier, but instead purchases the photocopies. All equipment, parts, and supplies, with the exception of paper and staples, are included in the monthly charge. To identify ways for saving, the team selected 15 copy machines to compare the district's costs with the states per copy contract costs. All information for comparison is from the invoice and purchase orders from the district. The following table illustrated the savings when comparing the district's copier costs with the state's per copy contract costs:

Location	Serial #	Min. Charge	Min. Copies	Excess Per Copy	Dist. Est. Copies Per Mo.	Excess Copies	Excess Total Charge	Accessory Features Charge	Total Cost	Savings Per Month	Avg. Saving per Copy
Admin. Office Segment 3	7633	205.00 95.60	6,146 7,500	- 0.01275	6,146 6,146	- (1,354)	- -	- -	205.00 95.60	109.40	0.0178
Adult Learning Segment 5	106041	335.00 167.00	9,367 18,000	0.00900 0.00925	13,208 13,208	3,841 (4,792)	34.57 -	199.00 -	568.57 167.00	401.57	0.0304
Board Secy. Segment 7	42898	165.00 401.00	- 45,000	0.00700 0.00890	58,557 58,557	58,557 13,557	409.90 120.66	56.00 -	630.90 521.66	109.24	0.0019
Dept. of Inst. Segment 6	10894	205.00 263.00	18,200 30,000	0.00940 0.00875	38,367 38,367	20,167 8,367	189.57 73.21	- -	394.57 336.21	58.36	0.0015
High School Segment 7	25167	255.00 401.00	52,326 45,000	0.00660 0.00890	200,810 200,810	148,484 155,810	979.99 1386.71	- -	1,234.99 1,787.71	(552.71)	
High School Segment 7	623657	155.00 401.00	- 45,000	0.00660 0.00890	85,461 85,461	85,461 40,461	564.04 360.10	100.50 -	819.54 761.10	58.44	0.0007
Lincoln Segment 7	300957	155.00 401.00	601 45,000	0.00660 0.00890	72,074 72,074	71,473 27,074	471.72 240.96	100.50 -	727.22 641.96	85.26	0.0012
Livingston Segment 7	59793	155.00 401.00	- 45,000	0.00660 0.00890	60,199 60,199	60,199 15,199	397.31 135.27	100.50 -	652.81 536.27	116.54	0.0019
Loard Stirling Segment 4	28984	245.00 117.00	8,667 12,000	0.00970 0.00975	17,428 17,428	8,761 5,428	84.98 52.92	- -	329.98 169.92	160.06	0.0092
McKinley Segment 7	26510	155.00 401.00	- 45,000	0.00660 0.00890	108,679 108,679	108,679 63,679	717.28 566.74	100.50 -	972.78 967.74	5.04	0.0000
Paul robeson Segment 7	809745	180.00 401.00	50 45,000	0.00720 0.00890	53,205 53,205	53,155 8,205	382.72 73.02	- -	562.72 474.02	88.69	0.0017
Pupil Personnel Segment 7	23825	165.00 401.00	- 45,000	0.00700 0.00890	50,406 50,406	50,406 5,406	352.84 48.11	100.50 -	618.34 449.11	169.23	0.0034
Redshaw Segment 7	29510	155.00 401.00	100 45,000	0.00660 0.00890	93,563 93,563	93,463 48,563	616.86 432.21	100.50 -	872.36 833.21	39.15	0.0004
W. Wilson Segment 7	60396	155.00 401.00	100 45,000	0.00660 0.00890	84,761 84,761	84,661 39,761	558.76 353.87	100.50 -	814.26 754.87	59.39	0.0007
W. Wilson Segment 3	978186	285.00 95.60	4,076 7,500	- 0.01275	4,076 4,076	- (3,424)	- -	67.00 -	352.00 95.60	256.40	0.0629

The above analysis reveals that the states per copy contract costs are more cost effective for the copiers making less than 100,000 copies per month. Two of the fifteen copiers from the above comparison are the large production models, which exceed 100,000 copies per month; therefore, the district's contract is more economical in this comparison (\$1,235 for the district vs. \$1,788 for state's cost per copy). However, the district could still benefit to some degree from selective use of the state's cost per copy contract.

#### **Recommendations:**

**District officials should examine the number of photocopiers needed in the respective buildings. In the two buildings containing more than nine photocopiers, the equipment should be reduced in the near future to a more reasonable number, perhaps five machines per site. The district should consider selling some of the copy machines and exploring the feasibility of utilizing the state contract to be billed on a per copy basis in some locations where the number of copies is less than 100,000 per month. The district will save not only on reduced fees, but also on the cost of supplies, such as ink, equipment parts, etc.**

Minimum Savings (based on sample of 15 copy machines)	\$20,592
Estimated proceeds from sale of 32 copy machines	275,140
Equipment supplies	<u>19,500</u>
<b>Cost Savings:</b>	<b>\$315,232</b>

**The district should request proposals when replacing its large production copiers to ensure that the best prices are being obtained from more than one company.**

**Since the district reportedly provides ample instructional materials, district officials should monitor copier usage in the respective schools and be aware of photocopy expenditure levels.**

## **INSURANCE**

Last year the New Brunswick School District required the insurance broker to seek bids from various insurance companies in an effort to reduce the amount of administrative costs associated with insurance coverage. The broker sought bids from many companies and fifteen scenarios were presented to the district. The district, which is self-insured, elected to select a new company to act as a third party administrator (TPA).

#### **Workers' Compensation**

The district needs to take steps in order to reduce its liability in the area of workers' compensation. Although there is a third party administrator, they are not aggressive in the management of claims. The district needs to retain an aggressive third party administrator whose main goal is to return the employee to work as quickly as feasible. This can be accomplished by measuring return to work statistics, as well as measuring the performance of the doctors to determine how quickly each doctor returns an employee to work.

Another area where the administrator can make great strides towards improving the management of workers' compensation claims is in providing a loss control service. Our conversations with both the broker and the TPA indicated that there had been communications between the TPA and the district concerning a loss control service; however, this service has not yet been implemented.

While reviewing worker compensation claim files, it was evident that there were many instances of repetitive names appearing on the lists from previous years. This should be investigated and the employees should be educated on safe work concepts.

#### **Recommendation:**

**Currently, the district is required by the TPA to report a claim within seven days from the date of the accident. This timeline should be changed to two days from the date of the accident to ensure a more timely**

resolution of claims. The management of the workers' compensation claims should be moved from an accounting function to a personnel function. This would ensure the privacy of the files and, also, would allow the personnel office to take a more active approach in the tracking of "repeat offenders". The district should also establish a procedure to measure the effectiveness of medical providers.

In order to properly educate the employees on safe work concepts, a district safety committee should be established. This committee should be available to train the employees in how to properly use equipment and work in a safe environment. Also, the work areas should be improved by installing safety equipment such as better lighting and nonskid flooring in areas of high risk. Policies and disciplinary practices should be established and followed that assure adherence to safety precautions, as well as mandate the use of safety equipment. There should be responses to failures to use and wear safety equipment through progressive discipline.

The insurance broker recommended the elimination of the district's aggregate umbrella policy; however, the district continues to carry that policy. Based on the district's history of workers' compensation claims, the aggregate policy should be dropped, which would result in immediate savings of approximately \$16,792.

#### **Property and Casualty**

This area of insurance coverage is competitive and appears to be provided at lower rates than others within the insurance industry. The current coverage is more than adequate for district needs. The district bid the property and casualty insurance in 1996 and, as a result, the savings associated with the bid was about \$58,000. However, according to the broker, if the district had chosen to join a Joint Insurance Fund (JIF), they could have saved an additional \$38,000.

#### **Recommendations:**

The district should bid the property and casualty and workers' compensation both as full insurance and self-insurance and also in a joint fund. They should consider the ramifications of all possible scenarios and decide if the estimated savings of \$38,000 for participation in a JIF is worth the obligations associated with it.

**Total Cost Savings: \$54,792**

## **BUSINESS OFFICE**

#### **Purchasing**

The purchasing function takes place in the business office and is performed by a manager and two accounts payable clerks. Over 5,000 purchase orders are processed through the purchasing system per year. The system is a manual one, in which the paperwork for a purchase order must travel from the school to purchasing and then to accounts payable. The district does not have a purchasing manual. Purchasing is initiated primarily from each school and controlled by the central business office.

Steps in the purchasing process are as follows:

1. The teacher or staff member with the need initiates an informal purchase order and submits it to the principal. The principal approves the purchase order and forwards it to the superintendent and business administrator for their approval.
2. After the business administrator approves and signs the purchase orders, the business office staff assigns a purchase order number and keys the data into the Edu-met accounting system. The accounting manager also verifies that the proper account number appears on the purchase order, sufficient funds exist in the account and all necessary data is included on the purchase order.



3. The business office then encumbers the funds and sends the purchase order to the vendor with copies to the requester. The requester receives the green purchase order and the blue copy is used later to verify delivery.
4. When the requester receives the copy of the purchase order, he/she provides delivery information on the form and returns it to the business office.
5. The business office then completes a three-way match between the blue copy, the invoice and the original purchase order. When there is a match, the business office creates a bill list for board approval. When the board approves the bill list, the business administrator signs off on the disbursement and a check for payment is sent to the vendor. Bills are paid monthly.

Many school districts find that they can purchase items in large quantities at lower prices. They achieve such savings through extensive involvement in cooperative purchasing efforts with numerous organizations. The Educational Cooperative Pricing System provides cooperative purchasing of supplies, equipment and other related goods and services to participating members at the agreed upon price. Educational Data Services, Inc. is hired to organize and administer this program. New Brunswick School District is a registered member of the Educational Cooperative Pricing System and purchases supplies and art materials through the Cooperative. The district pays \$9,900 annually to the Cooperative in administration fees. The district saves more than 30% annually in supplies according to the former business administrator, a number that far exceeds the cooperative's administration fees. The district also utilizes a combination of state contracts and vendor quotes to ensure that it receives the best price for the stated quality. The person who requests the purchases prepares the quotations.

#### **Recommendations:**

**The district is commended for these actions and encouraged to continue to pursue these efforts to save taxpayers' dollars through cooperative purchasing.**

**The district should consider moving forward in its purchase of a computerized purchasing system. The purchase of the system would reduce duplication of typing, reduce the creation of paperwork, reduce the manual movement of the purchase orders, and ensure the accuracy and completeness of the purchase orders. Although such a purchase system represents a cost, the district will recoup this expenditure many times over in efficiencies of time and labor, plus the system will provide ready access to purchasing data such as status of orders, account balances, and other controls.**

**The district's business office should maintain a purchasing procedure manual. A purchasing procedure manual consists of a series of written communications and instructions for various purchasing functions.**

#### **Fixed Assets**

The conversion to Generally Accepted Accounting Principles (GAAP) for New Jersey school districts mandated that the districts set up a General Fixed Asset Group of accounts and provide an inventory method to quantify the historical cost of fixed assets for the district.

A consultant firm was hired by the district last year to conduct a revaluation of the district's property inventory and accounting cost records. A summary revaluation report was issued by the firm, which provided all inventory information, including the market value, acquisition cost, location and depreciation cost, etc. The district also submitted this report to the insurance company, which insures its properties.

Recently the accounting department purchased software called "Fixed Asset Control System 3" from the appraisal company to maintain its fixed assets. All assets with a purchase cost over \$500 will be recorded in the system.

There was no indication that the district has a policy to specify the procedures for disposal of unused property.

#### **Recommendation:**

**The district should establish a policy and procedures to dispose of unused property.**

**Surplus**

Surplus is the amount of money held in reserve and left over after the interaction between current year revenues and expenditures. Surplus funds are included in a district's budget in order to provide funds for emergencies or other unexpected items beyond the board's control. Sound financial controls are required to ensure that surplus funds are accurately estimated and used according to established guidelines.

The Comprehensive Education Improvement and Financing Act (CEIFA) effective December 20, 1996, reduced allowable surplus amounts from 7.5% to a maximum of 6%. In accordance with N.J.S.A. 18:A7D-27.1, excess surplus that is over the allowable maximum shall be appropriated. The amount of surplus that districts are comfortable with can range from under 3% to 6% of anticipated expenditures.

The district's ability to accurately estimate surplus is a function of its success in establishing sound financial controls. These controls ensure the development of accurate surplus estimates monitoring to determine that revenue and expense estimates in the budget are achieved and that corrective action is taken when significant deviation from these estimates occurs.

There are trends of school district revenues, expenditures, and annual surplus that enable school districts to accurately estimate surpluses. When a district prepares the budget, it knows fairly precisely the amount of revenue it will receive for the upcoming year. Over the past four years (1993-94 through 1996-97), the district's revenue from the local tax levy ranged from a low of 47.36% to a high of 51.66%, state aid ranged from 47.77% to 50.66% and other revenue from .57% to 2.07%. The following table illustrates the district's revenue distribution in the past four years.

	1993-94		1994-95		1995-96		1996-97	
General Fund	Actual	%	Actual	%	Actual	%	Actual	%
Local Tax Levy	21,137,488	48.88%	23,094,322	51.66%	23,094,322	48.08%	23,094,322	47.36%
Other Revenue	399,986	0.92%	253,224	0.57%	994,466	2.07%	965,384	1.98%
State Aid	21,706,397	50.20%	21,356,051	47.77%	23,942,039	49.85%	24,701,533	50.66%
Total Revenue	43,243,871	100.00%	44,703,597	100.00%	48,030,827	100.00%	48,761,240	100.00%

Over this time period, the amount of all revenue anticipated and actually received was not exactly the same, except for the local tax levy, which has remained identical for the past three years. Other revenue includes tuition, interest on investments and miscellaneous income. Over the past four years, other revenue underestimates have ranged from a high of \$864,466, or 665% of the budgeted amount in the 1995-96 school year to a low of \$218,224, or 624% of that amount in 1994-95. The average over the period is \$539,376, or 471%. The review team believes that the district can achieve much more accurate estimates of other revenue.

In the past three years, while the district received the same dollar amount of local tax levy, the state aid increased \$3,345,482, or 15.7% and the total general fund expenditure increased \$9.5 million, or 22.79%. In order to avoid an increase of local taxes, the district used the surplus fund to cover the deficit. Therefore, the actual surplus fund declined from \$8.3 million to \$5.7 million for school year 1996-97.

	1994-95			1995-96			1996-97		
	Budget	Actual	Chg. in %	Budget	Actual	Chg. in %	Budget	Actual	Chg. in %
Local Tax Levy	23,094,322	23,094,322	-	23,094,322	23,094,322	-	23,094,322	23,094,322	-

Other Revenue	35,000	253,224	623.50%	130,000	994,466	664.97%	429,947	965,384	124.54%
State Aid	21,356,051	21,356,051	-	21,950,107	23,942,039	9.07%	22,101,683	24,701,533	11.76%
Total Revenue	44,485,373	44,703,597	0.49%	45,174,429	48,030,827	6.32%	45,625,952	48,761,239	6.87%
Total Expenditures	46,162,001	41,832,685	-9.38%	47,649,429	46,812,475	-1.76%	50,734,523	51,366,891	1.23%
(O)/U Expend	(1,676,628)	2,870,912	271.23%	(2,475,000)	1,218,352	149.23%	(5,108,571)	(2,605,652)	48.99%
Other financial Sr		284,749							-
Surplus or (Deficit)	(1,676,628)	3,155,661	288.21%	(2,475,000)	1,218,352	149.23%	(5,108,571)	(2,605,652)	48.99%
Beg. Fund Bal.	3,981,636	3,981,636	-	7,137,296	7,137,296	-	8,355,648	8,355,648	0.00%
Ending Fund Bal.	2,305,008	7,137,296	209.64%	4,662,296	8,355,649	79.22%	3,247,077	5,749,996	77.08%
Fund Bal./T. Exp.	4.993%	17.062%		9.785%	17.849%		6.400%	11.194%	

Approximately 64% of the district's expenses are for salaries. Except during contract renewal years, the district should be able to determine with reasonable accuracy the budgeted amount needed for salaries. However, the salary estimate will usually be higher than actual expenditures as a result of resignations and retirements, which may occur after the budget has been adopted. The remaining 36% of the budget is more variable, although budget projections can be determined through the use of multiyear contracts and purchase agreements. A review of actual salary expenditures for a three-year period revealed district officials over-estimated salaries by an average of \$1,138,462 per year. The range varied from \$1,210,031 in 1994-95 to \$862,898 in 1996-97, with more accurate figures in more recent years.

In 1994-95, to fund \$46 million in budgeted expenses, the board appropriated \$1.7 million from a four million surplus balance, leaving a projected surplus of \$2.3 million (5%). According to the CAFR, the district actually under spent the budget by \$3.2 million, which generated a surplus of \$7.2 million dollars. Therefore, the district's projected surplus of 5% actually became a surplus of 17% after the 1994-95 school year. For the 1995-96 budget, the board appropriated \$2.5 million from surplus and estimated an end-of-year surplus balance of \$4.7 million (9.9%), but by the conclusion of the budget year, realized savings of over \$1.2 million dollars. That generated an actual surplus balance of 17.85% of the actual budget expenses. During the 1996-97 budget, the board estimated a 6.4% surplus, but instead realized a 11.19% surplus.

#### **Recommendations:**

**The district should develop methods that result in more accurate annual estimates of other revenue, budget expenditures and surplus balance. The district should develop a plan to determine how much surplus balance, perhaps 3 to 5% of budget, should be maintained for cash flow considerations, unanticipated expenditures, emergency building repairs, etc.**

**With a number of very old school buildings, the district should consider using some accumulated surplus funds for capital improvements to meet clearly evident needs in accordance with the facility plan.**

#### **Cash Management**

The team reviewed the checking and savings accounts maintained by the district for the purpose of possibly identifying ways to improve interest income and reduce the costs associated with reconciling and maintaining bank accounts. During 1996-97, the district maintained 21 checking accounts in five separate local banks, which included the 12 student activity funds in different schools. The district also had a sweep investment account that each night collected the cash balances from four different accounts, except for the food service lunch accounts. The interest rate was determined by the bank's senior management and was based on market conditions. The district was earning minimum average overnight interest income at a rate of 2.5% to 5.18 % in the sweep account.

A review was conducted of the amount of interest earned by the district in its operating accounts. The average monthly balances in 1996-97 ranged from approximately \$1,215,036 to \$2,546,212. The district received \$45,920 for the year 1996-97 in interest income, and in this same period, the district was assessed \$44,187 in service charges in the operating account. These charges included account maintenance fees of \$10 per month for each account, \$.50 for each deposit made, \$.15 for each check paid, and \$3,459 for payroll processing. The bank also provided services like electronic fund transfers, reconciliation, etc.

The bank full service fees are waived when the district maintains a positive net available balance. However, in waiving the services fees, the bank also reduces the average positive collected balance by 10%, which is the reserve requirement to determine the positive available balance. Next, the bank calculates the net available balance by deducting the balance required from the positive available balance. If the net available balance is positive, the district will be credited with interest income based on the net available balance. If the net available balance is negative, the district will be billed for service charges based on the negative net available balance. The district must always maintain sufficient balances to receive free service. The required balance amounts change every month depending on account activity and this required balance receives no interest income.

Most districts invest a portion of their balance that is in excess of the positive available balance into Certificates of Deposits or the New Jersey Cash Management Fund (NJCMF), to earn higher interest. NJCMF is a conservative investment fund utilized by the state. For comparative purposes, the team evaluated interest paid to the district from its bank against interest rates that would have been paid by the New Jersey Cash Management fund. The chart below lists the earning rate of the district's bank accounts and the New Jersey Cash Management fund for the period from July 1, 1996 to June 30, 1997.

New Brunswick Board of Education		
Interest Rate Comparison for the Year 1996-97		
	NB Combined 5 Accounts	NJ Cash Mgt. Fund
Jul-96	5.00%	5.63%
Aug-96	5.00%	5.64%
Sep-96	5.06%	5.60%
Oct-96	5.12%	5.55%
Nov-96	5.01%	5.53%
Dec-96	5.03%	5.52%
Jan-97	3.41%	5.39%
Feb-97	5.04%	5.24%
Mar-97	2.50%	5.17%
Apr-97	5.10%	5.16%
May-97	5.18%	5.16%
Jun-97	5.11%	5.16%
<b>Average</b>	<b>4.71%</b>	<b>5.40%</b>

The district's rate was slightly below (.69%) the rate paid by NJCMF. However, NJCMF does not provide the services that the bank provides the district such as check printing and processing. In view of the costs of these services, the district receives an excellent rate from the bank. The team also compared service charges between the district's bank and another bank, identified as Bank B, as illustrated on the following table:

First Union Bank	Bank B
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	Service Charge	Balance Required	Service Charge	Balance Required
Account Maintenance	\$10.00	\$2,354.84	\$15.00	\$3,285.00
Checks Paid	\$0.15	\$35.32	\$0.18	\$39.42
Deposits	\$0.50	\$117.74	\$0.40	\$87.60
Payroll Preparation	\$3,459.31	\$814,611.71	N/A	N/A

These figures indicate that New Brunswick paid less than comparable service fees and was not required to maintain a higher balance than required by Bank B except for deposit charges.

The district and the bank have no formal written agreement outlining the specific services provided, the cost per unit of service and the manner in which these costs were paid. Overall, the team found that the district followed an aggressive investment strategy and that its financial management system policies and procedures were working well.

#### **Recommendations:**

**It is suggested that the district periodically review this program with area bank offerings in order to maintain optimal investment opportunities.**

**The district should combine all the student activity funds into one bank account, thereby reducing the total number of accounts from 21 to ten. This would lend itself to a simpler and more efficient method of account management, which would result in enhanced opportunities for interest earnings and minimize the account maintenance charges.**

**Cost Savings: \$1,320**

**The payroll department now consists of three staff persons, a supervisor and two payroll clerks; however, the bank provides the payroll service. The team considers this to be a duplicate function and it also causes the district to lose an opportunity to earn \$40,172 interest income per year. The district should consider eliminating the payroll supervisor's position and let the bank continue this service.**

**Cost Savings (salary and benefits): \$70,370**

**Total Cost Savings: \$71,690**

## **FACILITIES**

The district has more than 17 buildings, including nine schools, a central office building, pupil personnel services building, two garages and one shed, with an average building age of 60 years. In addition, the district is currently renting space to house its alternative and adult learning programs. These programs will be moved into district owned property for the 1998/99 school year under the new space for administrative offices. With the recent purchase of the new board offices and the St. Ladislaus school (Lincoln Annex) district owned property is currently estimated to be more than 800,000 square feet. As the following table illustrates, the district compares favorably to, and clearly spends less than, comparable districts in the operation of plant costs.

### Comparison of Plant Operation Costs 1996/97

Category	New Brunswick	Asbury Park	City of Orange	West New York	City of Bridgeton
<b>Total Expenditures</b>	<b>\$3,267,689</b>	<b>\$2,994,166</b>	<b>\$3,772,182</b>	<b>\$4,846,693</b>	<b>\$3,242,626</b>
<b>Total # of Students</b>	<b>4,785</b>	<b>3,215</b>	<b>4,171</b>	<b>6,663</b>	<b>3,833</b>
<b>Average Cost Per Student</b>	<b>\$683</b>	<b>\$931</b>	<b>\$904</b>	<b>\$727</b>	<b>\$846</b>

The building and grounds section is headed by a supervisor who has responsibility over the five member maintenance staff and provides direction to custodial staff in cooperation with each school principal. In addition, this position, which reports to the business administrator, has major responsibility for professional service contracts as well as budget preparation functions. The five member maintenance staff is responsible for minor repairs, installations, renovations and maintenance of district facilities and equipment. Maintenance employees occasionally serve as replacement custodians to fill in for absent custodians. The maintenance staff operates out of the maintenance garage which houses an inventory of materials and supplies, as well as district owned vehicles.

### Custodial Services

The district employs 37 custodians who are responsible for maintaining the buildings as safe and clean environments, storing and inventory of supplies, collecting trash, replacing light bulbs, and reporting unsafe conditions. Each school is staffed with at least one custodian with a black seal license, who manages the boilers on a daily basis in cooperation with the energy management system contractor employed by the district. The following data represents an analysis of the gross space within the district requiring daily cleaning.

<b>School</b>	<b>Square Feet</b>	<b>Custodians</b>	<b># of Shifts</b>	<b>Sq. Ft./Staff</b>
<b>High School</b>	172,107	9	2	19,123
<b>Lincoln</b>	52,192	2	1	26,096
<b>Lincoln Annex</b>	14,000	1	1	14,000
<b>Livingston</b>	40,210	2	1	20,105
<b>McKinley</b>	124,475	4	2	31,119
<b>McKinley Whse</b>	4,500			
<b>Redshaw</b>	126,530	5	2	25,306
<b>Paul Robeson</b>	61,346	3	2	20,449
<b>Roosevelt</b>	120,446	4	2	30,112
<b>Lord Stirling</b>	45,486	2	1	22,743
<b>Woodrow Wilson</b>	37,869	2	1	18,935
<b>Adult Learning Ctr.</b>	14,000	0.5	1	28,000
<b>Pupil Services</b>	5,412	0.5	1	10,824
<b>Administration</b>	51,000	2	1	25,500
<b>Totals</b>	869,573	37		23,502

The average gross space assigned to each staff member for cleaning was 23,502 square feet, with a range between 10,824 at pupil personnel services to 31,119 at McKinley School. These space allocations should be adjusted by a 20 percent factor to account for space that does not require cleaning on a daily basis, which reduces the average space for cleaning to 18,802 square feet. An examination of the Association of Higher Education Facilities Officers custodial staffing guidelines for educational facilities reveals that current district staffing levels are sufficient to maintain ordinary tidiness within district schools and offices.

### Operating Expenditures

The following table provides a summary of trends in expenditures for plant maintenance and operations:

**Plant Operations and Maintenance Costs 1995/96 - 1996/97**

<u>Category</u>	<u>1995/96 School Year</u>	<u>1996/97 School Year</u>	<u>Difference</u>
Salaries	\$1,540,482	\$1,625,133	\$84,651
Purchased Services	\$6,270	\$11,338	\$5,068
Cleaning, Repair & Maintenance Services	\$364,782	\$415,690	\$50,908
Rentals	\$3,000	\$17,108	\$14,108
Insurance	\$145,046	\$102,373	(\$42,673 )
General Supplies	\$209,133	\$273,087	\$63,954
Energy(Heat & Electric)	\$757,113	\$815,385	\$58,272
Other Objects	\$10,862	\$7,575	(\$3,287)
<b>Totals</b>	<b>\$3,036,688</b>	<b>\$3,267,689</b>	<b>\$231,001</b>

The district owns ten vehicles including six maintenance vehicles, a food service van, a van assigned to pupil personnel, a 16-passenger school bus and a car used by the superintendent. The vehicles have an average age of more than 11 years, range in age from six to 21 years and are maintained by the city at district expense.

Over the most recent two-year period, the cost of plant operations and maintenance has increased by an estimated seven percent. The most significant cost increase was in salaries, which represented more than 36 percent of the total increase. The district has increased the custodial staff by the addition of one position during the 1996/97 school year. The cost of general supplies has increased by more than \$63,000 and cleaning, repairs and maintenance services increased by more than \$50,000, which together account for more than 50% of the total increase. The maintenance garage is filled with materials and supplies, some of which are no longer useful for ongoing maintenance work. There is no routine inventory taken to identify what is on hand and the district has not adopted any policy or procedures for regulating or ordering supplies. The supervisor of buildings and grounds orders materials and supplies on an "as needed" basis rather than ordering for the entire year.

The district has a key-making machine to replace lost or stolen keys for district facilities. The supervisor of buildings and grounds, who makes replacement keys, could not provide us with a count of the number of keys being made on an annual basis. It was acknowledged that a significant number of keys are made throughout the year, which may be contributing to the vandalism and theft rate within the district. No board policy or procedure was found regarding lost or stolen keys.

**Recommendation:**

**The board should consider adopting specific policies and procedures for the control of materials and supplies for custodial and maintenance services and replacement of keys and/or locks. Such policies should include, but not be limited to, at least a required inventory of all custodial and maintenance materials and supplies. Individuals receiving keys should sign for them. By monitoring cost increases and reducing loss of materials, the district could achieve a 50% of increase, or \$32,000 savings in this area.**

**Cost Savings: \$32,000**

**Schools**

District schools represent a mixture of old turn of the century buildings and modern more recently built or renovated facilities. The high school, Paul Robeson, Woodrow Wilson and McKinley elementary schools are in relatively good condition. The district is currently instituting a \$10 million construction bond program. Under this program, the district has an \$8 million purchase and renovation of a building which will house central offices, as well as the alternative school and the adult learning center. In addition, the newly purchased site also has a large

warehouse, which is expected to store bulk purchases for the district. The district is also building a \$1.2 million addition onto the Woodrow Wilson School and an estimated \$.8 million in renovations and improvements district-wide. The bonding is in addition to \$732,000 allotted for capital improvements in the current year budget.

The court ordered Educational Facilities Assessment of Abbott districts prepared for the New Jersey Department of Education has identified more than \$26 million in construction needs and building deficiencies in the district. An additional 26 classrooms are needed to address current overcrowding in the elementary/middle schools at a cost of \$4.1 million. More specific building deficiencies are listed in the following table:



### Cost of Infrastructure Deficiencies in New Brunswick Schools

Component	Number of Deficiencies	Functional #	Life Cycle **	Current Code *	Total Costs
Site	43	\$201,875	\$ 423,300	\$204,175	\$829,350
Architectural	137	3,820,908	3,688,998	2,290,106	9,800,012
HVAC	40	202,000	730,529	2,389,971	3,322,500
Sanitary & Water Systems	12	14,813	278,350	52,000	345,163
Fire Protection	15	0	0	1,302,410	1,302,410
Plumbing Fixtures	45	0	421,000	391,500	812,500
Power & Distr/Lighting	44	745,950	3,630,156	1,365,960	5,742,066
Fire Alarm System	12	0	0	382,838	382,838
Emergency Lights & Exit Signs	5	0	25,500	160,705	186,205
<b>Totals</b>	<b>353</b>	<b>\$4,985,546</b>	<b>\$9,197,833</b>	<b>\$8,539,665</b>	<b>\$22,723,044</b>

**# Functional** - Each building was recorded as functional or not functional on the survey forms. Acceptable non-functional responses had to include sufficient explanation or justification. Functioning components, which were antiquated and/or in violation of current codes, were included as a deficiency under the life cycle or current code compliance categories.

**\*\*Life Cycle** - These deficiencies pertain solely to the age of a particular building component. To determine deficiencies, the age of each component recorded in the survey was uniformly compared against typical life cycle expectancies to identify those, which have exceeded their functional life and, therefore, are prone to failure. The life cycle expectancies used are based on generally accepted industry norms and an assumed low level of maintenance for most components.

**\*Current Codes** - Used to calculate code deficiencies and correction cost estimates of grandfather provisions. Code deficiencies were classified as handicapped accessible, life safety, mechanical, electrical and plumbing systems. Proposed rehabilitation subcode N.J.A.C.-6 of the Uniform Construction Code would significantly reduce compliance with current code when renovating existing buildings.

The district capital improvement plan does not contain many of the deficiencies found in the assessment. For example, seven of the boilers were found to have code violations but none was scheduled for repair and only one is proposed for replacement. Similarly, the assessment found code violations in the sprinklers at eight schools, which are estimated to cost almost \$1.2 million to correct. Interior lighting was found to be below current code at six schools and functionally deficient at four schools. The district current improvement plan does reflect some improvements in this area. The assessment found that the district will need about \$5 million to correct functional needs, \$9.2 million to address life cycle deficiencies and \$8.5 million to address current code deficiencies.

The Lord Stirling elementary school has been earmarked for replacement and a site reportedly has been obtained. The other older elementary schools, Lincoln, Livingston, Redshaw and Roosevelt, are inadequate in many ways and should be considered for major renovation or replacement in the near future. Common conditions at these facilities included insufficient room sizes, inadequate heating and lighting systems, and serving kitchens with no ventilation.

The district has not updated its long-range facilities plan since the 1995/96 school year. The plan projected a total student enrollment of 4,458 for the 1996/97 school year, while the actual enrollment was 4,785, or 327 students more than expected. For the 1997/98 school year, total enrollment was expected to be 4,635 and the actual enrollment was over 5,000. Special education populations were also found to be significantly higher than

projected. The long-range plan estimated the special education population to be 520 students during the 1996/97 school year and the actual population was 583, or 63 students more than expected. For the past two years actual enrollment has exceeded plan estimates by more than 350 students per year. The following table provides projected vs. the actual student populations for the past two school years.

#### **Comparison of Actual vs. Projected Enrollments**

<b>Grade</b>	<b>1996/97</b>	<b>1997/98</b>	<b>Increase</b>
High School			
Projected	763	791	28
Actual	785	797	12
Difference	22	6	
Elementary Schools			
Projected	3,695	3,844	149
Actual	4,039	4,212	173
Difference	344	368	

The major impact of actual enrollments being higher than projected is on the elementary schools, as the elementary school buildings do not have the needed capacity to accommodate the bulging population. The high school appears to have enough room to accommodate enrollments through the year 2000/01 and beyond. The long-range plan estimates for the high school were reasonably accurate but the district has experienced a rapid increase in student numbers at the elementary level where actual enrollments are far in excess of the long-range plan estimates. A capacity analysis by the Vitetta Group Assessment presented the following data for the New Brunswick School District.

### Building Capacity Analysis (11/09/97)

School Type	1997-98 Enrollment	Average Class Size	Total Capacity	Deficient Capacity	Add't Rms. Needed
Elem/Middle	4,010	23	3,688	322	26
High School	795	22	1,132	0	0
Total	4,805		4,820	322	26

The building capacity amounts in the district's long-range plan are based on design criteria and are inaccurate when space is used for purposes other than originally designed. For example, in the high school some of the vocational education classrooms were found to be underutilized or changed from the designed purpose. The addition of many special education classes (preK-12) reduced building capacities as these classrooms can only accommodate a limited number of students, as specified by the NJ Department of Education.

An examination of the excess capacity in individual schools shows that the majority of the unused space at the elementary school level was at the McKinley and Robeson Schools. At the McKinley School a science laboratory was not being used and some of the classroom space had been turned into office space. The Robeson School appeared to have smaller class sizes, many of which could be increased without creating overcrowding conditions. The recent takeover of the Lincoln Annex has added additional capacity within the last two-year period. The district is also in the process of constructing a four-classroom addition onto the Woodrow Wilson School, which will add space for an additional 80 students when completed. Overcrowding conditions were observed at three of the elementary schools during our site visits to the facilities. In fact, the district has reported to the State Department of Education an intention to temporarily use 14 substandard classroom facilities at six of its schools for the current year.

#### **Recommendation:**

**All facility planning must be done in accordance with the Facility Plan to be submitted by the district and approved by the State. Current trends in student population suggest that the district should revise its long-range facilities plan on a more frequent basis, rather than every five years. Some consistency between the annual capital improvement plan and deficiencies identified in the NJ DOE Educational Facilities Assessment should be developed.**

**The district should move immediately to replace the outdated Lord Stirling Elementary School. A modern building will help to alleviate the current overcrowded conditions in some of the elementary schools and provide a better learning environment for the current enrollment.**

**The district should consider redistricting some student attendance zones to ease the problem of overcrowding in some elementary schools and under utilization of other schools.**

#### **Energy Management**

Although the district is under contract with Energy for America (EFA), energy costs district-wide continue to increase. Under this program EFA engineers control energy systems in each school by a remotely programmed and monitored energy management system. The program is designed to improve comfort, increase energy systems reliability and reduce maintenance costs while delivering energy cost savings that far exceed their fees. The EFA corporation has issued a report which shows a savings of \$91,121 in costs for the twelve month period ending July 1997; however, the cost data reported in the 1997 CAFR for the district shows more than \$58,000 in cost increases during this period. The district reports that this discrepancy is due to the fact that the high school, Robeson and McKinley schools are not being managed by EFA. In effect, the current savings are being offset by increased costs in those buildings not presently managed by EFA, which reduces the net savings district-wide to \$33,000. The district purchases its heating gas under a cooperative association that allows them to purchase at the lowest possible cost.

**Recommendation:**

**The district should take immediate steps to bring the remaining three schools and the new administration building online under the EFA Corporation's energy management system, which would provide additional savings of at least \$58,000.**

**Cost Savings: \$58,000**

## **FOOD SERVICE**

An extensive review was conducted of the district's food service program. This included interviews with the food service director and other personnel, visits to school kitchens and cafeterias to observe operations, and the analysis of various documents. A careful analysis was done of the financial records as reported in the Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 1996-97.

According to CAFR and budget guidelines, if a district receives state and/or federal reimbursement for food service costs or collects fees from students for the cost of meals, the entire food service operation activity must be recorded in a separate enterprise fund and not within the general fund of the budget. Any contribution made by the board toward the food service operation is reported as a lump sum contribution transferred to cover any deficits. These costs should not be included elsewhere in the budget. However, if the board funds the full cost of the operation, the expenditures should be categorized and reported in the general fund.

The New Brunswick School District receives state and federal reimbursements and collects fees from students for meals. Therefore, the district is required to report the entire food service operation in the enterprise fund. Enterprise funds are used to account for operations that are financed and conducted in a manner similar to a private business enterprise, with the intent that the costs of providing goods or services be financed through user charges.

The district has five production kitchens and four satellite kitchens. Production kitchens are located in the high school, Redshaw, Roosevelt, McKinley and Paul Robeson Elementary Schools. The satellite kitchens are located in Livingston, Lincoln, Lord Stirling and Woodrow Wilson Elementary Schools. All production kitchens have to serve lunches for their own school and prepare lunches or plated meals to different locations as assigned. Foods are also prepared for special functions from the production kitchens. In summer, the district has a contract with the City of New Brunswick to provide lunch for the summer program. The district made a profit in this program.

Staffing for the food service program is excessive. There are 46 employees currently working in the food service. They include: 25 employees working more than five hours a day and 17 employees working less than five hours a day. There are four persons working in the office, the food service director, bookkeeper, secretary and a truck driver. Full benefits are provided for those employees who work 25 hours or more per week. Benefits include full health coverage, pension, and paid sick leave. The food service workers are also entitled to bereavement leave, personal days, uniform and shoe allowance, and tuition reimbursement for job related courses. Part-time employees who work less than 25 hours per week receive no paid benefits. The work year consists of 200 paid days, including paid holidays, while the district serves lunch on 180 days. Salaries for service workers range from \$7.24 to \$11.98 per hour and the cooks were compensated at \$9.94 to \$15.40 per hour. Eight cafeteria workers, who were hired on an hourly basis to help in the production kitchens, were paid a total of \$24,810. Occasionally, food service workers worked overtime to prepare food for special functions. For school year 1996-97, the school spent \$30,349 on overtime salaries, which represented 3.7% of the total salaries.

There are 51 lunch aides, working two and one-half hours to four hours a day. Supervision of the students during lunchtime is the main responsibility for lunch aides. For school year 1996-97, the district spent an estimated of \$120,577 for lunch aides' salaries. Lunch aides' salaries were incorrectly charged to the enterprise fund. The following table illustrates the location of all the kitchens and the number of workers to be found in each location.

Location	Type	# of Workers	# of Lunch Aides	Total
High School	Production	8	0	8
McKinley	Production	6	7	13
Paul Robeson	Production	4	6	10
Redshaw	Production	7	8	15
Roosevelt	Production	7	8	15
Lincoln	Satellite	3	8	11
Lord Stirling	Satellite	2	4	6
Livingston	Satellite	3	6	9
Woodrow Wilson	Satellite	2	4	6
Office		4		4
Totals		46	51	97

The district currently charges \$1.40 per student lunch in elementary schools and \$1.70 in the high school, while the state levels are \$1.85 for elementary and \$2.25 for high school. Teachers and staff members can purchase lunch for \$2.25 and reduced price lunch is \$.40. Student breakfasts are free for the entire district. The district also provides free lunch to students who do not bring in money or lose their lunch ticket. For school year 1996-97, the board has contributed more than \$36,620 for unpaid student lunches.

During the cafeteria visit, one of the school principals told the review team that the head cook refused to charge him for lunch because of his position (school principal). He also stated that the district has established a very good relation with the community by inviting them for special functions with free dinners. The groups are as large as 200 people. A special function account reviewed by the team revealed that \$67,967 was related to dinners, lunches, breakfasts and refreshments for special events and meetings. This cost was incorrectly recorded as a board contribution to the enterprise fund instead of general fund expenditure.

The special function account also included \$36,620 that was contributed by the board for student's unpaid lunches. This cost should be counted as a board contribution transferred to cover deficits and recorded as a separate item in the non-operating revenue category in the food services enterprise fund.

The business office for foodservices, which is located inside Paul Robeson School, has two computers. The computers are used for keeping records of the meal counts and the payroll. All accounting records for the food service program are kept separately from the main accounting system. The bookkeeping for food service is performed manually.

The following table presents the operating income and expenses for food service in the district for four school years.

	1996-97	1995-96	1994-95	1993-94
Operating Revenue:	Amended			
School Lunch-reimbursable Program	\$50,409	\$48,728	\$51,143	\$50,211
Daily Sales-non reimbursable	145,768	127,645	124,505	101,459
Special Functions	103,236	9,879	13,049	29,268
Total Operating Revenue	299,413	186,252	188,697	180,937
Non Operating Revenues				
State Source:				
School Lunch Program	62,018	63,975	61,328	67,257
Federal Sources:				
School Breakfast Program	223,235	211,596	238,740	194,721
School Lunch Program	1,118,336	1,007,166	944,501	837,283
Children's Program	66,292	48,085	48,588	30,899
USDA Commodities	91,159	88,149	89,942	4,169
Interest Revenue	8,683	9,957	11,177	1,902
Miscellaneous	3,635	5,267	6,874	-
Summer Program	65,012	48,918	46,227	47,871
Total Nonoperating Revenue	1,638,370	1,483,114	1,447,377	1,184,102
Total Revenue	\$1,937,782	\$1,669,366	\$1,636,074	\$1,365,040

	1996-97	1995-96	1994-95	1993-94
Operating Expenses:				
Salaries	\$817,277	\$786,562	\$769,877	\$729,225
Fringe Benefits	275,322			
Food	691,720	595,327	575,538	527,530
Commodities used	91,159	88,149	89,942	
Supplies and Materials	72,538	69,306	48,284	44,564
Depreciation	8,515	7,324	6,142	10,057
Miscellaneous	39,796	120,450	144,325	42,231
Total Operating Expenses	1,996,327	1,667,117	1,634,108	1,353,607
Net Income (Loss) Before Board Contribution	(58,545)	2,249	1,967	11,432
Board Contribution	-	-	175,000	70,000
Net Income (Loss) After Board Contribution	(58,545)	2,249	176,967	81,432
Retained Earning - June 30, 1996	637,195	634,946	457,980	376,547
Retained Earning - June 30, 1997	\$578,650	\$637,195	\$634,946	\$457,980

For school year 1996-97, the salaries and board contribution were overstated by the amount of \$97,243. For school year 1995-96, the benefits expense was incorrectly charged to the miscellaneous account. Based on the audit report, the board contributed \$245,000 in school years 1993-94 and 1994-95, even though the program carried a profit before the board contribution. For the school year 1996-97, the food program had a loss of \$58,545.

A cost-effective analysis was conducted for the district. The following table illustrates the district's expense versus the income and its comparison with the market.

District Expense Compared to Market Rate - 1996-97				
Cost vs Income				Over

	New Brunswick	District	Market	(Under)
Expenses	BOE	Rate	Rate	The Market
Payroll	\$1,189,842	61%	40%-45%	16%-21%
Food Cost	\$691,720	36%	39%-45%	(3%-9%)
Supplies & Materials	\$72,538	4%	4%-5%	(1%)
Miscellaneous	\$39,796	2%	2%-.1/2%	1.5%
Income	\$1,943,866			

An analysis of the above table reflects that the labor cost for New Brunswick food service was 16% to 21% higher than the market. A further analysis of the food service workers' productivity indicates that the satellite kitchen only produces 15 lunches per hour as compared with the market average of 30 lunches per hour. This suggests that the number of personnel within the satellite kitchen can be reduced without affecting service.

During the 1996-97 school year, a total of 657,430 meals were served, including the equivalent special functions. The team takes the total dollar amount of the special functions divided by the average lunch price to get the special function counts. The following table shows the total meals served and the cost per meal.

Analysis of Cost per Meal	1996-97	1995-96
Paid	51,121	56,302
Reduced	44,948	39,815
Free	561,361	519,460
Special Functions (equivalent)	57,998	5,550
Total Lunches	657,430	615,577
Labor costs	\$1,092,599	\$786,562
Other costs	\$903,728	\$880,556
Total overhead costs	\$1,996,327	\$1,667,117
Labor cost per meal	\$1.66	\$1.28
Other cost per meal	\$1.37	\$1.43
Total overhead cost per meal	\$3.04	\$2.71
Percentage of Overhead Costs	55%	47%
Percentage of Food Costs	45%	53%
** Benefit costs are included in the miscellaneous cost.		**

#### Recommendations:

The food service operation is an enterprise program, which is intended to be self-supporting and any contribution made by the board should only be to cover any unforeseen deficits. The operating loss demonstrates the need to evaluate the total food service system. There are two options for the board to consider for immediate savings without any loss in food quality or service.

#### Option 1 - Continue to operate the food service program as follows:

The job responsibilities for food service workers and lunch aides should be combined, especially for the satellite kitchens. Some school districts assign teachers to supervise students in the cafeteria. LGBR

recommends that the district officials negotiate the removal of the prohibitive language concerning cafeteria supervision by teachers and consider the feasibility of eliminating the lunch aide positions.

Cost Savings: \$120,577

According to the Department of Education Budget guideline, the salary for lunch aides who work in the lunchroom only should be recorded in function 260 (Operation and Maintenance of Plant Service). For those persons working in the cafeteria serving or preparing lunch, the salary should be recorded in the enterprise fund. Therefore, New Brunswick's lunch aide salaries should be recorded in the function 260 account.

New rules adopted by the State Health Benefits Commission on September 21, 1995, effective October 16, 1995, permit school districts to set a higher work week standard before an employee is considered "full time" and eligible for benefits. Currently state employees must work a minimum of 35 hours a week to qualify for free benefits. It is recommended that the district review this issue. This change to 35 hours, if negotiated and implemented, could result in significant savings.

Cost Savings: \$233,062

We suggest increasing the lunch prices to the state level of \$1.85 for elementary school students and \$2.25 for high school students, which would bring in additional revenue of \$23,697.

Revenue Enhancement: \$23,697

Breakfast should be charged to those students who are not qualified for free breakfast.

Number of potentially paid breakfasts	32,722
Average breakfast price	<u>\$.80</u>
Revenue Enhancement	\$26,178

Peanut butter and jelly sandwiches should be offered to those students who do not bring in money for lunch. Under the current system, the district assumes the cost of the unpaid lunches and, thereby, provides an incentive for students not to purchase lunch at their own costs.

Cost Savings: \$36,620

All employees should pay for their own lunch with no exceptions. Food costs paid for special functions, such as award dinner, sport event, etc. should be reduced to a minimum. The district should require the participants, except for the students, to pay for their share of the cost. All these costs should be recorded as district expenses and special revenue for the food service program.

Revenue Enhancement: \$50,000

The elimination of at least two positions in the satellite kitchens is suggested.

Cost Savings: \$36,970

Total Cost Savings (Option 1): \$527,104

Option 2 - Contract the food service operation out with a private management company.

Based upon private food service contracts in other districts, the total cost including food, labor and management fees for a typical food service program ranges from \$1 to \$2 per meal. According to industry standards, the average cost of producing and serving a school lunch is between \$1.85 to \$2.00.

Cost per meal for New Brunswick Schools	\$3.04
Cost per meal from private management	<u>2.00</u>
Net savings per meal	\$1.04



Number of lunches served in 1996-97

657,430

Total Cost Savings (Option 2): \$683,727

Throughout the State of New Jersey there are approximately 200 school districts that contract food services with management companies. They have, generally, reported a high degree of satisfaction with the system. The reality is that excessive costs should be eliminated, whether this is done through in district efficiencies or through some form of competitive contracting.

## SPECIAL EDUCATION

The New Brunswick School System has, in its special education (SE) program, 1,343 classified students according to the 1996-1997 ASSA Report. This includes 525 students who are classified for speech only. Excluding speech, of the remaining 818 students, 695 are educated within the district, with 483 in self-contained classes and the remaining 212 in resource rooms. The other 123 SE students are sent out of district to both public and private educational centers. A three year distribution of special education students is as follows:

	1996-97	1995-96	1994-95
Sp. Ed. Students in district full time	460.00	468.00	437.00
Sp. Ed. Students in district shared time	18.00	18.00	19.00
Sent out of district full time	32.00	34.00	41.00
Sent to private schools	78.50	83.00	81.00
Sent to regional day school	12.00	13.50	12.50
Total out-of-district Sp. Ed.	122.50	130.50	134.50
Received Full time	5.00	6.00	-
Resource room	212.00	194.00	158.00
Speech instruction	525.00	449.00	475.00
Total Special Education Enrollment	1,342.50	1,265.50	1,223.50
Total District Enrollment	4,931.00	4,852.00	4,837.00
% of Special Education to total Enrollment	27%	26%	25%

Note: The source of the above information is the District's ASSA report

The New Brunswick School System has experienced a 3.4% to 6% annual increase in special education, which represents 25% to 27% of the total SE enrollment in the past two years. At the same time, the number of out-of-district special education students has decreased. Also, resource room and speech instruction special education have increased.

Students are sent out-of-district usually due to the extent or nature of the disability and educational need as defined in the student's Individualized Education Plan (IEP) and/or the limitation of classroom facilities in district schools.

School Type	Number of Students	Estimated Average Tuition Per Pupil	Estimated Average Transportation Per Pupil	Estimated Average Cost Per Pupil
Private	118	\$19,888	\$4,062	\$23,950
Public	61	\$11,512	\$4,062	\$15,574
Residential	8	\$26,125	-	\$26,125
		\$21,690		

Regional Day	10	\$4,062	\$25,752
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*Note: The district is the source of the above data furnished for the year ending June 30, 1997. The total number of students for out-of-district special education placement is different from the ASSA due to the transience during the year.*

Based on data provided by the district, the average cost-per-pupil for out-of-district SE students is conservatively estimated at \$21,536. The district's overall cost-per-pupil (Pre-K to 12) is \$10,675.

There are seven special education students from other districts attending classes in the New Brunswick School District on a tuition basis. The tuition charges range from \$8,000 to \$14,000 per student and are based on the grade level and the classification.

Efforts are being made at this time to provide as much in-district placement, in accordance with the identified educational needs of SE students, as is deemed feasible and cost-effective. Yearly assessments are made of the SE population and its needs.

In 1996-97 the district maintained 55 self-contained SE classes, distributed among the district's elementary schools to provide instruction for 464 special education students. Fifty-one teacher assistants were hired for the district's self-contained classes. More than 14 of these teacher assistants were not required in the self-contained classes according to the state class size standard (N.J.A.C. 6:28-4.4). Most of the high school SE students are mainstreamed into regular classrooms and are not included in the above count.

In an effort to help the district identify ways to control costs for self-contained SE classes, the review team sought to determine whether SE classes were at full occupancy. A complete analysis of each class in every school revealed there are many special education classes, which are not filled to state allowable capacities. The review team conservatively calculates that 89 additional students could be educated within the district without hiring any more teachers or aides. By the return of at least 41 students placed out-of-district to these available spaces, the district could realize substantial savings. Added to the savings could be additional revenue from filling 20 of the remaining 48 potential classroom seats with out-of district students on a tuition basis.

**Self -Contained Classrooms - 1996-97**

Class	Type	Age Range	Aide	# of Students	Allowable Capacity W/O Aide	Allowable Capacity With Aide	Allowable Spaces
CH-A	CH	5	1	9	8	11	2
CH-B	CH	5-6	1	10	8	11	1
CH-C	CH	6-8	1	12	8	11	-1
CH-D	CH	7-8	1	11	8	11	0
CH-E	CH	7-11	1	10	8	11	1
CH-F	CH	10-12	1	10	8	11	1
CH-G	CH	12-14	1	8	8	11	0
ED-A	ED	7-10	1	4	8	11	4
ED-D	ED	13-14	0	7	8	11	1
ED-E	ED	14-17	1	13	8	11	-2
ED-F	ED	14-19	1	11	8	11	0
EMR-1	EMR	14-19	1	8	9	11	1
EMR-A	EMR	11-13	1	10	9	11	1
MH	MH	5	2	6	8	11	2
NI1	NI	14-16	1	10	8	11	1
NI2	NI	13-16	1	11	8	11	0
NI-A	NI	5-6	1	7	8	11	1
NI-B	NI	6-7	2	8	8	11	0
NI-C	NI	7-8	1	7	8	11	1
NI-D	NI	7-8	1	8	8	11	0
NI-E	NI	8-9	1	11	8	11	0
NI-F	NI	8-10	1	10	8	11	1
NI-G	NI	9-10	1	9	8	11	2
NI-H	NI	9-10	1	9	8	11	2
NI-I	NI	10-11	1	10	8	11	1
NI-J	NI	9-10	1	10	8	11	1
NI-K	NI	10-13	1	10	8	11	1
NI-L	NI	11-14	1	7	8	11	1
NI-M	NI	11-14	1	9	8	11	2
NI-N	NI	10-13	1	7	8	11	1
NI-O	NI	10-14	1	7	8	11	1
NI-P	NI	12-13	1	7	8	11	1
NI-Q	NI	12-14	1	8	8	11	0
NI-R	NI	13-14	1	9	8	11	2
NI-S	NI	8-10	1	5	8	11	3
PI-1	PI	14-17	1	7	12	16	5
PI-A	PI	7-10	0	6	12	16	6
PI-B	PI	9-10	0	6	12	16	6
PI-C	PI	8-11	1	10	12	16	2
PI-D	PI	11-13	0	7	12	16	5
PI-E	PI	11-13	0	6	12	16	6
PI-F	PI	12-14	1	7	12	16	5
PI-G	PI	12-14	1	10	12	16	2
PI-H	PI	13	1	9	12	16	3
PI-I	PI	14-16	0	10	12	16	2
PI-J	PI	15-19	1	17	12	16	-1
PI-K	PI	16-19	1	12	12	16	0
PSH-A	PSH	3-5	1	9	8	8	-1
PSH-B	PSH	3-4	1	9	8	8	-1
PSH-C	PSH	2-5	1	9	8	8	-1
PSH-D	PSH	4	1	4	8	8	4
PSH-E	PSH	3-4	1	4	8	8	4
PSH-F	PSH	3-4	1	4	8	8	4
PSH-G	PSH	2-5	1	7	8	8	1
PSH-H	PSH	3-4	1	3	8	8	5
Dept.	Various	15-18	0	25	N/A	N/A	N/A
	Total		51	489	490	641	89

Differences in age grouping or other legitimate circumstances may preclude the district from filling every SE classroom to capacity or special situations may exist as a result of analyses completed by the child study teams (CST). "Allowable capacity" means maximum number of students, not recommended number of students. However, it is imperative that the district continues to carefully scrutinize this matter every year and be certain that resources within the district are utilized to the fullest extent possible.

The transience rate in this school system, as a whole, is high as compared to most other districts in the state. Some of those students who move into the district are either classified or are found to have special needs that often leads to classification. Therefore, space permitting, it is prudent to maintain some room for growth in the special education classes wherever and whenever possible.

#### **Recommendations:**

**The review team recommends that 41 out-of-district SE students be returned to in-district classes in programs appropriate to student IEP identified needs. The potential average per pupil savings of \$10,861 listed below includes transportation and tuition for each out-of-district SE student brought back into the district.**

<b>Average cost for out-of-district SE student</b>	<b>\$21,536</b>
<b>Less: Average cost for in-district student</b>	<b><u>-10,675</u></b>
<b>Total saving for each returned SE student.</b>	<b>\$10,861</b>

**This savings multiplied by 41 students would result in a savings of \$445,301.**

**The review team also suggests that the district reduce the number of self-contained SE teacher assistants by 14. At an average salary and benefit cost of \$25,115 each, the district could save approximately \$351,610 by eliminating these positions.**

**The review team recommends that 20 of the remaining 48 available seats be filled with SE students from outside the district at a tuition of \$10,675 each for revenue enhancement of \$213,500.**

**Total Cost Savings and Revenue Enhancements: \$1,010,411**

#### **Special Education Medicare Initiative**

The Special Education Medicaid Initiative (SEMI) is a joint project of the New Jersey Departments of Education, Human Services and Treasury to claim Medicaid reimbursement for certain medical services provided to eligible special education students.

The district has been able to generate \$70,534 in revenue under the Special Education Medicaid Initiative from August, 1995, through March, 1998. In the spring of 1997 the staff person responsible for coordinating this program in the district resigned and the district has not assigned this responsibility to any of the existing staff. As a result, no claims have been filed and an eight month backlog in claims currently exists which is valued at \$24,534. The district has continued to compile the data, which represents the basis for filing for reimbursement for these services.

Local Government Budget Review (LGBR) has been providing technical assistance to the district in re-establishing the program. In this regard, we have been able to assist the district in working toward filing some of its claims; however, a current backlog of claims continues. LBGR will provide additional training to the district CSTs and has advised the district on various methods of obtaining parental consents, increasing cooperation from out-of-district schools and keeping records. In addition, to be successful, the district SEMI program requires continuous clerical staffing of two to two and one half days per week.

**Recommendation:**

**Based on revenues received when the program was operational, it is estimated that the district can gross at least \$36,000 to \$50,000 in revenue per year from the SEMI program. Salary and fringe benefit costs of a half time secretary are estimated at \$20,000 per year. It is suggested that the district commit the necessary staff resources to re-establish the monthly claims for reimbursements and take advantage of technical assistance provided by LBGR in order to bring the revenues to their maximum potential.**

**Revenue Enhancement: \$16,000 to \$30,000**

**Child Study Teams**

A district is obligated to employ child study teams in sufficient numbers to ensure the provision of special education programs and services to all educationally handicapped pupils. The New Brunswick School System currently employs six child study teams. Each team consists of a psychologist, a social worker, and a learning disabilities teacher-consultant and is assigned to service one or more different schools.

The pupil assistance committee (PAC) is composed of the teacher, staff, child study team member and parents. The PAC does the prescreening for the children before referring them to the child study team for further evaluation. The main responsibilities of the child study teams include evaluating and determining eligibility of pupils for special education and/or related services and coordinating, monitoring and evaluating the effectiveness of the implementation of the Individual Education Plan (IEP).

The 1996-97 special education year-end report reflects 133 out of 140 referred students were classified as requiring special education and there were 236 reevaluations. The following table shows referral and classification information for the New Brunswick School District.

New Brunswick School District	1996-97
Referrals to CST's	140
Re-Evaluations	236
Total Evaluations	376
Classifications	133
# of child study teams	6
Evaluations per team per year	62.67

The total in salaries paid for the child study team members in school year 1996-97 was \$1,060,144, which does not include fringe benefits and other costs. The district was paying \$2,820 in salaries per case while private companies typically charge \$1,050 to \$1,250. This certainly suggests that the child study teams in private companies are more cost effective than the ones in the public school district.

**Recommendation:**

**The district should create a policy/procedure to require team members to maintain a log to record their services on a daily or weekly basis, which will list individual appointments and other activities and the families/students served. This recording procedure will provide a factual basis for management to analyze operational improvement possibilities.**

## EXTRA CURRICULAR ACTIVITIES

Extra curricular activities are primarily focused on high school students in the district. Only the high school has an activity director, who acts as a facilitator for the students. There are only a few extra curricular activities at the elementary school levels and some schools have none. Each of the elementary schools has a yearbook publication, which, in most cases, involves students in the publication. Many of the schools are community schools, which provide activities after school for both students and parents. These activities essentially serve to supplement extra curricular activities and are largely supported financially by the city and local non-profit and for profit organizations that partner with the district. The following table provides a comparison of New Brunswick with other districts in the area of extra curricular activities.

EXTRA CURRICULAR ACTIVITIES					
Category	New Brunswick	Asbury Park	City of Orange	City of Bridgeton	West New York
Total Expended	\$111,468	\$351,463	\$16,801	\$152,690	\$79,374
Enrollment	4,785	3,215	4,171	3,833	6,663
Average Cost Per Student	\$23.30	\$109.32	\$4.03	\$39.84	\$11.91

The district spends toward the median among comparable districts for extra curricular activities. Some of this moderate cost is due to the supplemental activities provided to the district by other sources. Extra curricular costs, primarily materials and supplies, have increased by 31.8 percent over the past year, as illustrated in the following table:

Summary of Expenditures for 1995/96 and 1996/97			
Category	1995/96 Expended	1996/97 Expended	Change
Salaries	\$4,747	\$2,968	\$(1,779)
Materials & Supplies	\$79,308	\$108,500	\$29,192
Other Objects	\$500	\$0	\$(500)
<b>Totals</b>	<b>\$84,555</b>	<b>\$111,468</b>	<b>\$26,913</b>

Most of the club advisors are not compensated for their club responsibilities, which explains the minimal salary costs. The large increase in the cost of materials and supplies was due to an increase of activities within the district over the one-year period from the 1995/96 to 1996/97 school years. The number of activities increased by 49 events from 94 events during the 1995/96 school year to 143 events during the 1996/97 school year.

There are 42 clubs operating in the high school and students are required to participate in at least one club. The Hispanic culture club is by far the most popular club, with a membership of 101 students. One of the lowest memberships was, surprisingly, in the two computer clubs, which are limited by the sponsors to seven members each. While there is an increasing interest by students to join the computer clubs, most students cannot participate due to the current restrictions on membership and there are no current plans for expanded membership in the computer clubs. It is noteworthy to mention that there is no district marching band, reportedly because of a lack of interest and participation by students. The district does have a cheerleader squad and a color guard.

**Recommendation:**

**Restrictions should be lifted on clubs, which can not accommodate all interested students.**

**Athletics**

Athletics is headed by the director of health, physical education and athletics, who reports directly to the superintendent of schools, and is responsible for the administration, organization and supervision of the health and physical education program and carrying out the philosophy and regulations of the athletics programs. The following table provides a comparison of district spending patterns to similar districts.

### Comparative Analysis of Athletics Expenditures 1996/97

Category	New Brunswick	Asbury Park	City of Orange	City of Bridgeton	West New York
Total Expended	\$229,452	\$67,843	\$302,683	\$265,245	\$261,612
Enrollment	4,785	3,215	4,171	3,833	6,663
Average Cost Per Student	\$47.95	\$21.10	\$72.57	\$69.20	\$39.26

The district is about average in per pupil spending for athletics in comparison to other comparable districts. A two year period review of spending patterns revealed that expenditures for athletics has remained relatively stable, with \$228,888 spent in 1995-96 and \$229,452 in the 1996-97 school year.

The district sponsored 13 athletic programs during the 1996/97 school year for high school students. There were a total of 348 students participating in these programs, with 218 boys participating in seven programs and 132 girls participating in six programs. Boys' basketball had the highest participation levels of all male programs, while girls' basketball was most popular among the female programs. The girls' track and field program had the lowest participation levels of all programs.

### TRANSPORTATION

The district reported that 1,834 students received transportation services daily during the 1996/97 school year. Of that total 1,445 were in-district students, 77 were students receiving payments in lieu of transportation, 190 were transported to nonpublic schools and 122 were out-of-district special education student placements. Of the total number of in-district students, 409, or 33.9% were special education students and 526 students received courtesy busing within the district. Courtesy busing has reportedly increased to 619 students during the 1997/98 school year. Based on total expenditures for the 1996/97 school year of almost \$2.7 million, there was an overall average cost of \$1,472 per student for transportation services. During this period, the district had 89 contracts with eight different transportation companies covering 148 routes, with 78 of these routes being out-of-district.

The board has not adopted any policies or procedures that would serve to regulate and/or control transportation services. The lack of board policies is clearly contributing to these services operating in a less than cost effective manner. The following table provides a comparison of the cost of transportation services with a similar district:



<b>Category</b>	<b>New Brunswick</b>	<b>Bridgeton</b>
Total Expenditures	\$2,693,816	\$865,504
Square Miles	5.3	6
Students Transported	1,834	3,624
Cost Per Student	\$1,469	\$239

While some of this difference in per pupil cost may in part be due to cost of living differentials, the average cost of transportation services in New Brunswick is much more expensive than in Bridgeton. However, when looking in more detail at the methods being employed in the negotiation of contracts, routing buses and courtesy busing, there are many opportunities to reduce costs in this area.

#### **Recommendation:**

**The board should consider adopting policies and procedures to regulate transportation services in a more cost-effective manner. Such policies should include:**

- **Limiting the number of years that a contract can be re-negotiated without being re-bid;**
- **Promoting in lieu payments in cases where district provided service costs exceed the maximum allowable payments; and**
- **Setting specific criteria for allowing courtesy busing based upon safety issues. Non-safety courtesy busing should be eliminated.**

The district transportation operation is staffed by a transportation coordinator and a secretarial assistant who are responsible for negotiating contracts for bus transportation, routing buses, assigning students to buses, preparing vouchers for scheduled payments to bus companies and maintaining the profile computer database system for the district. According to the transportation coordinator, most of the in-house staff time is spent processing requests to either provide transportation to new students or change a student from one bus to another. At the time of our visit there were at least 50 requests pending to be processed and staff were gearing up to re-negotiate contracts with bus companies. The district negotiates contracts long before student transportation needs are identified for the new school year. The location of special education classes is not finalized until sometime in August of each year, when transportation contracts have already been negotiated.

#### **Recommendation:**

**The district needs to determine student transportation needs for the subsequent year prior to bidding or negotiating contracts and, thereby, minimize the need to modify, add or delete contracts after the school year begins.**

### **Budget Expenditures**

The cost of transportation services is clearly increasing as is evidenced in the following financial data taken from the 1997 CAFR:

Summary of Student Transportation Costs 1995/96 & 1996/97

<b>Spending Category</b>	<b>1995/96</b>	<b>1996/97</b>	<b>Change</b>
Salaries	\$102,582	\$114,883	\$12,301
Cleaning, Repair & Maint.	0	\$505	\$505
Svcs Btwn Home & School	\$680,808	\$759,220	\$78,412
Svcs Non Home & School	\$65,132	\$74,399	\$9,267
Special Educ Vendors	\$1,445,318	\$1,611,000	\$165,682
Spec Ed. Joint Agreements	\$104,064	\$132,473	\$28,409
Materials & Supplies	\$698	\$950	\$252
Other Expenses	\$1,521	\$386	(\$1,135)
<b>Totals</b>	<b>\$2,400,123</b>	<b>\$2,693,816</b>	<b>\$293,693</b>

There was an increase in the cost of transportation services of more than one quarter of a million dollars from the 1995/96 to the 1996/97 school years, which amounts to a 12.2% increase in costs in a one-year period. Salary costs increased by more than 10% and special education vendor costs increased 11% over the previous school year. This increase occurred despite a reported 6% reduction in out-of-district placements and a reduction in the overall number of contracts from 99 for the 1995/96 school year to 89 for the 1996/97 school year.

### **Service Contracts**

The district uses three types of contracts to engage transportation services. These include:

Pupil Transportation Contract;  
Handicapped Pupil Transportation Contract, Out of District Placement; and  
Pupil Transportation Contract Renewal

The most common practice by the district is contract renewal, with some renewals occurring over a fourteen-year period. The per diem rates ranged from a low of \$38 to a high of \$537 during the 1996/97 school year. The cost of in-district rates averaged \$111 per day, which was more than the average cost of out-of-district rates which averaged \$109 per day. One contract for transportation to in-district elementary schools was renewed for the seventh year with a per diem of \$536.90. The average daily cost to nonpublic schools had the lowest average cost at an estimated \$100 per day. Staff suggested that the wide range of costs can be attributed to the older routes being less costly because contracts are merely extended at an incremental cost rather than re-bid; however, our findings suggested that many of the older routes were in fact more costly.

### **Recommendation:**

**The district should modify the practice of renegotiating contracts over long periods of time. Instead, transportation contracts should be bid periodically to secure the best available prices. The district should reduce the per diem costs for in district routes by at least \$20, as in-district routes are too expensive. This would result in estimated savings of \$252,000 annually.**

**Cost Savings: \$252,000**

**Courtesy Busing**

The district has a considerable amount of courtesy busing offered to students who live within walking distance to schools under state transportation guidelines. A total of 526 students received courtesy busing at a cost of more than \$325,000 during the 1996/97 school year. The following table provides a breakdown of current courtesy busing district-wide between the high school and the elementary schools.

**Summary of Courtesy Busing 1996/97**

<b>School</b>	<b># of Students</b>	<b>Estimated Cost</b>	<b>Percent of Total</b>
High School	324	\$ 168,804	51.90
Elementary Schools	202	\$ 156,709	48.10
<b>Total</b>	<b>526</b>	<b>\$ 325,513</b>	<b>100.00</b>

The cost estimates of courtesy busing are based on a cost of \$525.87 per seat taken from contracts executed for the 1996/97 school year. Many of the students being provided courtesy busing live less than a mile from the school. For example, we found that 23 of the 27 students receiving courtesy busing to the Redshaw School resided less than a mile from the school. In fact, none of the students resided more than a mile and a half from the school, which has school crossing guards at key intersections. Of the 321 students receiving courtesy busing to the high school, an estimated 212 lived less than two miles away from the school.

**Recommendation:**

**Courtesy busing of students who live less than a mile from Redshaw and Robeson Schools and of the 212 students who live less than two miles from the high school should be considered for elimination. This would result in a cost reduction of \$128,311.**

**Cost Savings: \$128,311**

Because of the remote locations of the Woodrow Wilson and McKinley Elementary schools there is some justification for the courtesy busing currently allowed in these two schools. Woodrow Wilson is located in the southeast corner of the city bordering East Brunswick and would require some of its students to cross major highways to get to this location. The McKinley school is located in an industrial area, which may be an unsafe walking area for some students. The courtesy busing of students to the high school is clearly the hardest to justify. In the busing to this location, students are essentially given free reign to ride buses at their convenience.

The district's transportation services have been rated by the State Department of Education School Transportation Efficiency plan on vehicle utilization. The New Brunswick School District ranking fell below the 30<sup>th</sup> percentile, which requires the district to submit a corrective action plan outlining how they intend to improve efficiency.

In reviewing a sampling of the number of students being transported compared to the capacity of the buses, it is clear that the capacity far exceeds the number of students being transported. The following table provides an analysis of this factor:

## Busing Excess Capacity Analysis 1996/97

<u>Route</u>	<u>Capacity</u>	<u>#Students Assigned</u>	<u>Unused Capacity</u>	<u>Contract Amount</u>	<u>Cost per Seat</u>	<u>\$ Value of Used Capacity</u>	<u>\$ Value of Unused Capacity</u>
90DS	54	26	28	\$ 40,187	\$ 744	\$ 19,349	\$ 20,838
9V2B	54	23	31	\$ 96,480	\$ 1,788	\$ 41,093	\$ 55,387
BIL8	54	23	31	\$ 21,450	\$ 397	\$ 9,136	\$ 12,314
BL26	54	44	10	\$ 26,280	\$ 487	\$ 21,413	\$ 4,867
BL36	54	48	6	\$ 26,280	\$ 487	\$ 23,360	\$ 2,920
BLK6	54	46	8	\$ 5,760	\$ 107	\$ 4,907	\$ 853
DSB2	16	6	10	\$ 8,811	\$ 551	\$ 3,304	\$ 5,507
DSB6	6	3	3	\$ 6,630	\$ 1,105	\$ 3,315	\$ 3,315
DSH3	16	4	12	\$ 10,670	\$ 667	\$ 2,668	\$ 8,003
ESA6	54	21	33	\$ 30,449	\$ 564	\$ 11,841	\$ 18,608
ESB6	20	12	8	\$ 30,448	\$ 1,522	\$ 18,269	\$ 12,180
ESC6	12	8	4	\$ 17,351	\$ 1,446	\$ 11,567	\$ 5,784
ESE2	54	27	27	\$ 40,118	\$ 743	\$ 20,059	\$ 20,059
ESE5	54	31	23	\$ 27,518	\$ 510	\$ 15,798	\$ 11,721
HGM6	6	4	2	\$ 22,410	\$ 3,735	\$ 14,940	\$ 7,470
HNE6	6	3	3	\$ 16,110	\$ 2,685	\$ 8,055	\$ 8,055
HNH3	6	4	2	\$ 16,567	\$ 2,761	\$ 11,045	\$ 5,522
HOM6	16	15	1	\$ 16,110	\$ 1,007	\$ 15,103	\$ 1,007
MKH2	54	23	31	\$ 11,218	\$ 208	\$ 4,778	\$ 6,440
SE83	54	32	22	\$ 25,270	\$ 468	\$ 14,975	\$ 10,295
SE85	54	27	27	\$ 37,087	\$ 687	\$ 18,544	\$ 18,544
SE91	54	38	16	\$ 40,118	\$ 743	\$ 28,231	\$ 11,887
SEID	54	19	35	\$ 24,048	\$ 445	\$ 8,461	\$ 15,587
SHG4	16	6	10	\$ 11,610	\$ 726	\$ 4,354	\$ 7,256
TAG6	54	47	7	\$ 21,420	\$ 397	\$ 18,643	\$ 2,777
TAG8	54	26	28	\$ 21,450	\$ 397	\$ 10,328	\$ 11,122
TMA2	16	6	10	\$ 23,890	\$ 1,493	\$ 8,959	\$ 14,923
TMK3	16	9	7	\$ 23,850	\$ 1,491	\$ 13,416	\$ 10,434
TRL4	16	9	7	\$ 34,110	\$ 2,132	\$ 19,187	\$ 14,923
TRL9	16	8	8	\$ 39,038	\$ 2,439	\$ 19,519	\$ 19,519
WA88	54	35	19	\$ 20,150	\$ 373	\$ 13,060	\$ 7,090
WB88	54	30	24	\$ 20,150	\$ 373	\$ 11,194	\$ 8,956
WC94	54	26	28	\$ 23,398	\$ 433	\$ 11,266	\$ 12,132
WD95	54	20	34	\$ 27,581	\$ 511	\$ 10,215	\$ 17,366
<b>TOTALS</b>	<b>1264</b>	<b>709</b>	<b>555</b>	<b>\$864,019</b>	<b>\$ 1,007</b>	<b>\$470,353</b>	<b>\$393,667</b>

The above table represents 38.7% of the total number of students being transported by the district. In this sampling we found an unused capacity of 555 seats, or 43.9% of the total capacity. Assuming that this is representative of the total number of routes, the cost of unused capacity could be as high as \$.933 million. The district does not use computerized routing of buses, which has proved to be cost effective in many school districts. The Middlesex County Educational Services Commission has the capability of computerized routing and can provide this service to the district.

### Recommendation:

**The district should consider contracting with the Middlesex County Educational Services Commission to bid contracts and schedule its bus routing system in order to reduce the number of routes and unused seats**

currently being contracted by the district. If the number of unused seats is reduced by at least 50 percent, savings of \$466,000 are estimated.

**Total Transportation Cost Savings: \$846,311**

### III. COLLECTIVE NEGOTIATIONS ISSUES

The following sections of the review report which cover the respective negotiated agreements are presented separately, as school officials cannot unilaterally alter the terms of the agreements. *Any of the recommendations in the following sections, which involve changes in the negotiated agreement, necessarily, would require negotiations and agreement by the respective parties in order to be implemented.* Only those aspects of the contract, which appear to have an economic and/or productivity impact, will be analyzed in this report

Collective bargaining contracts for 1995-1998 were reviewed for these organizations: New Brunswick Education Association (NBEA), New Brunswick Leadership Association (NBLA), and the New Brunswick Cafeteria Workers Association (NBCWA). The NBEA contract is a 69 page document which covers all personnel except administrative and supervisory, confidential secretaries and cafeteria employees.

#### EDUCATION ASSOCIATION AGREEMENT

##### **Employee Hours**

Elementary teachers are required to report for duty fifteen minutes prior to the pupils' tardy bell and may leave at the student departure time. High school teachers' daily schedule consists of eight periods on a regular day and nine periods on a pupil activity day. Professional personnel are required to fulfill six assigned periods, have one planning period, and one duty-free (40 minute) lunch period in an eight period day. Teacher assistants work the same hours as teachers.

##### **Recommendation:**

**The defined duty hours for teachers in the contract serve as a deterrence for increasing student instruction time to meet or exceed the state average. Most school districts do not allow teachers to leave the building with the students, except possibly, on Friday afternoon, at the end of the week. It is acknowledged from our observations that most New Brunswick teachers do not leave at the same time as students; however, there have been comments by community leaders expressing disappointment that some teachers do not stay after school to help students who need instructional assistance.**

**While district officials are making efforts to increase instructional time during the school day by utilizing block scheduling at the high school, etc., an actual increase in the length of the student/teacher day is also needed to provide instructional time comparable with other school districts.**

Secretary-clerks work eight hours per day with one hour for lunch during the regular school year and seven hours daily with a one hour lunch period from July 1 - August 31. Security personnel work a seven-hour day with a duty-free lunch.

Custodians and maintenance employees work nine hours daily with one hour for lunch on the day shift and eight hours with one hour for lunch on the evening shift.

##### **Recommendation:**

**Many organizations are finding that reduced hours as an extra incentive for the evening shift is unnecessary and expensive. Reducing the evening shift from eight to seven hours of work is a 12.5% loss in work-time. Since most school buildings are more heavily occupied during the school day, the evening shift is particularly important for cleaning the building. While it is acknowledged that the evening shift employees are currently paid on an hourly basis, it is suggested that school officials endeavor during negotiations to reduce or eliminate the work hours differential for the evening shift.**

##### **Overtime**

Non-certificated employees who work 40 hours per week are compensated at one and a half times their rates of pay for hours in excess of 40. Employees working less than forty hours per week are compensated at their regular rate between 35 and 40 hours, with the following exception: Security and secretarial personnel required to work on Saturday or Sunday are compensated at one and one half times their hourly rate for a minimum of two hours. Custodial and maintenance personnel who are requested to work on Sundays are compensated at two times their respective hourly rates of pay. Building and maintenance employees receive at least two hours compensation for a "call in."

**Recommendation:**

**In order to reduce overtime, some school districts are negotiating more flexible schedules for custodians, security and maintenance personnel, whereby, individuals can be scheduled to work either Monday through Friday, or Tuesday through Saturday. There should also be the opportunity for school officials to provide compensatory time off for all support staff, instead of over-time payment in those situations where it is appropriate. In order to monitor the amount of overtime payments, the district should keep overtime payments in separate overtime account(s) for regular administrative review.**

**Instructional Extra Payments**

Teachers having more than three course preparations are assigned an extra preparation period or no homeroom, or are paid an additional \$650. Kindergarten and Pre-Kindergarten teachers who teach in two buildings receive an additional \$325 per year. Any elementary teacher who does not have at least five preparation periods per week on a regular basis is credited with one additional sick leave day for the year. Elementary and secondary teachers assistants who are required to give up their assigned planning period are given one accumulated sick day for every ten periods lost.



**Recommendation:**

**The review team does not find any logic in providing additional sick leave days as a replacement for preparation or planning periods. It is suggested that the district negotiate the removal of these provisions from the contract.**

A course preparation is defined as the preparation of a quarterly topic plan (QTP) and its attendant daily plans. Any teacher with a combination class requiring more than three QTP's receives an additional \$325 per year.

Special education teacher assistants who miss preparation in order to accompany the class to special areas are compensated at the following annual rate:

one period per week	\$240
two periods per week	\$485
three periods per week	\$740
four periods per week	\$975
five periods per week	\$1210

Any employee currently receiving the IBM stipend (\$1,005) continues to receive that amount as an addition to salary, while continuing in the same position. Any new employees hired for a similar position are not paid the additional stipend.

The practice of paying a \$200 annual stipend to special education teachers was discontinued in 1992-93. Anyone currently receiving this payment was grandfathered.

**Recommendation:**

**The district should monitor the expense of the above extra payments and exercise greater care in the future in agreeing to make extra payments to professional employees and in managing their time.**

**Sick Leave Payment**

The district agrees to provide retirement leave pay for employees at the rate of \$53 per accumulated day for TPAF retirees and \$36 per accumulated sick day for PERS retirees, with a \$15,000 maximum individual payment. Employees who are "RIFed" (Reduction in Force) after 20 years and those who resign after 25 years are also entitled to the above benefit.

**The review team commends the district for establishing reasonable, but fair, limits on sick leave payments at retirement.**

**Temporary Leaves**

Employees are entitled to the following temporary non-accumulative leaves of absence with full pay each school year:

- Three days leave of absence for personal business, serious family illness, serious household or family matters that require absence during school hours.
- Two days for professional staff and one for nonprofessionals with the approval of the superintendent for the purpose of visiting and observing work related methods in other school districts, or to attend meetings or conferences of an educational or work related nature.
- Time necessary for appearance in any legal proceeding connected with the employee's employment or with the school system. In any other legal proceeding where the employee is required by subpoena to attend, not to exceed one day per school year.
- Time required for jury duty.
- Five days at any one time in the event of death of an employee's spouse, child, parent/legal guardian, brother, sister and/or any other relative living in the household.

- Three days at any one time in the event of death of an employee's in-law, grandparents or friend domiciled in the home.
- One day per year in the event of death of a friend.
- Reserve or National Guard temporary duty - difference in their pay and their military pay not to exceed two weeks a year.
- There is no total maximum number of leave days per year per employee.

Unused personal days are added to the employee's accumulated sick leave.

#### **Recommendation:**

**The review team's position is that three personal days with pay per year, with a separate bereavement leave for family, are adequate to meet individual employee needs for personal time off for all purposes, with the obvious exception of any leave time, such as military or other leave which is governed by statute. A sample of employee usage revealed that about 30% of employees took bereavement leave during 1996-97, with an average of two days, and a range of one to six days.**

#### **Vacations**

Building and maintenance employees' vacations are granted in accordance with the following schedules:

a	Less than one year	one day per two months of employment
b	One year	one week
c	Between one and two years	one week, plus one day per two months of employment
d	Two - five years	two weeks
e	Six - ten years	three weeks
f	Eleven years and up	four weeks
g	After twenty years	four weeks and two days
h	After twenty-five years	four weeks and four days
i	After thirty years	five weeks

Items g, h, and i do not apply to employees hired after July 1, 1995.

Employees shall take their vacations during the school year. If job responsibilities interfere, unused vacation days may be carried over so that no vacation days are lost.

#### **Vacations - Twelve Month Secretaries and Clerks**

1. Twelve-month personnel, if not employed a full year at vacation time, are entitled to one working day per month of employment, not to exceed nine working days.
2. After completing one full year of employment: two weeks.
3. Between one and two years of employment: entitled to two full weeks plus one additional working day per two months beyond their first anniversary date, but not to exceed three full weeks vacation.
4. After completing two full years of employment: four weeks.
5. Contract language specifies that secretaries transferred between ten and twelve-month employment shall not lose vacation time.
6. Vacations will normally be taken during summer months and are not lost if job responsibilities interfere with vacation schedule.

#### **Recommendation:**

**The district should consider negotiating a cap of one year's value on the amount of vacation days, which can be carried over for any reason from one year to the next.**

#### **Holiday Schedule**

Building and maintenance personnel receive 14 paid holidays per year.

#### **Leaves of Absence**

The negotiated contract provides for extended leaves of absence without pay and under specific conditions. There are provisions for military, maternity, paternity, and child-rearing leave. Teachers may apply for sabbatical leave for one-half year with payment at 50% of contracted salary for the period of the leave.

#### **Professional Development and Educational Improvement**

The sum of \$35,000 per year for the next three years will be budgeted for professional development. Persons eligible for this benefit must be employed in the district for the last two years. The sum of \$5,000 will be budgeted for course reimbursement for non-certified employees per academic year. Payment shall not exceed the tuition cost and shall be limited to \$600 per member per academic school year.

#### **Summer Employment**

All district summer positions shall be posted and the contract lists four priorities for hiring according to employment status.

#### **Insurance Protection**

The district provides health-care insurance protection for employees and family members in accordance with the description in the health insurance section of this report.

All retired employees may purchase health insurance, or parts of the package, through the district's group policies at rates in effect at the time.

#### **Dental Benefits**

Dental benefits are paid on an 80% and 60% basis of reasonable and customary charges, depending upon the type of dental work performed. Dental benefits are for employees only and are based on a contract with a specified insurance company, which does not contain any premium co-payment. The maximum benefit per calendar year is \$1500 and orthodontic lifetime limit is \$750.

#### **Prescription Benefits**

All employees and their eligible family members will be provided a Paid Prescription Insurance Plan with a \$5 deductible for 1995-96, \$6 deductible for 1996-97, and a \$7 deductible for 1997-98.

#### **Salary Compensation**

The teachers' salary guide contains 13 annual steps, a step 12.5, which is paid in midyear and five columns based on college degree level. The number of teachers at each step by degree column and cost in November, 1997, are listed in the following tables:

Schedule A - Experience Training Career Guide - 1997-98

BA Step	Salary	# of Teachers	Annual Cost
1	\$25,200	15	\$378,000
2	\$25,700	14	\$359,800
3	\$26,300	12	\$315,600
4	\$27,200	16	\$435,200
5	\$28,200	8	\$225,600
6	\$29,400	9	\$264,600
7	\$30,500	9	\$274,500
8	\$31,600	5	\$158,000
9	\$32,700	3	\$98,100
10	\$33,700	6	\$202,200
11	\$34,800	5	\$174,000
12	\$39,000	5	\$195,000
12.5	\$51,600	6	\$309,600
13	\$59,875	91	\$5,448,625
BA Total		204	\$8,838,825

B A + 30	Salary	# of Teachers	Annual Cost
1	\$26,600	1	\$26,600
2	\$27,100	2	\$54,200
3	\$27,800	1	\$27,800
4	\$28,800		
5	\$29,800		
6	\$30,900	1	\$30,900
7	\$32,000	1	\$32,000
8	\$33,100	2	\$66,200
9	\$34,200	1	\$34,200
10	\$35,200	2	\$70,400
11	\$36,400	1	\$36,400
12	\$40,700		
12.5	\$53,300		
13	\$61,725	33	\$2,036,925
B A + 30 Total		45	\$2,415,625

Masters	Salary	# of Teachers	Annual Cost	
1	\$27,000	4	\$108,000	
2	\$27,500	1	\$27,500	
3	\$28,200	5	\$141,000	
4	\$29,200	1	\$29,200	
5	\$30,300	2	\$60,600	
6	\$31,400	3	\$94,200	
7	\$32,500	2	\$65,000	
8	\$33,500	1	\$33,500	
9	\$34,600	9	\$311,400	
10	\$35,700	3	\$107,100	
11	\$36,900	1	\$36,900	
12	\$41,200	3	\$123,600	
12.5	\$53,875	3	\$161,625	
13	\$62,450	79	\$4,933,550	
M A Total		117		\$6,233,175
M A + 30	Salary	# of Teachers	Annual Cost	
1	\$30,400			
2	\$30,900	1	\$30,900	
3	\$31,600			
4	\$32,600	1	\$32,600	
5	\$33,600	2	\$67,200	
6	\$34,700			
7	\$35,900			
8	\$37,000	1	\$37,000	
9	\$38,000	2	\$76,000	
10	\$39,000	1	\$39,000	
11	\$40,000			
12	\$44,900	1	\$44,900	
12.5	\$57,500			
13	\$66,200	75	\$4,965,000	
M A + 30				
Total		84		\$5,292,600

Doctorate	Salary	# of Teachers	Annual Cost	
1	\$31,100			
2	\$31,600			
3	\$32,300			
4	\$33,200			
5	\$34,300			
6	\$35,300			
7	\$36,600	2	\$73,200	
8	\$37,600			
9	\$38,600			
10	\$39,800	1	\$39,800	
11	\$40,800			
12	\$45,500			
12.5	\$58,250			
13	\$67,175	10	\$671,750	
Doc Total		13		\$784,750
<b>District</b>				
<b>Grand Total</b>		<b>463</b>	<b>Annual Cost</b>	
			<b>\$23,564,975</b>	

The New Brunswick teachers' salary guide is not competitive at the beginning steps where most teachers will be employed initially. A comparison with Middlesex County and the state average minimum and maximum steps follows:

1997-98 Teachers' Salary Guides				
	B. A. Minimum	B. A. Maximum	M. A. Minimum	M. A. Maximum
New Brunswick	\$25,200	\$59,875	\$27,000	\$62,450
Middlesex Co. Ave.	\$30,700	\$56,256	\$32,530	\$58,560
NJ State Ave.	\$31,255	\$54,942	\$33,713	\$58,633
Source: NJEA Research				

**It is apparent the New Brunswick teachers' salary guide is below average in minimum salaries by \$5,000 to \$6,000 and above average in maximum salaries by about \$4,000 to \$5,000.** This discrepancy in beginning salaries continues to have a negative impact upon recruiting and retaining capable teachers. There is evidence that newly employed teachers are working a few years in New Brunswick and accepting employment in other districts where the salaries are more competitive. New Brunswick runs the risk of becoming a training ground for young teachers who will complete their careers in more affluent districts. The urban setting in New Brunswick demands highly trained and professional teachers who can assist students in overcoming their socioeconomic disadvantages to become successful and productive citizens. Recruiting and selecting the best teachers with a competitive beginning salary guide is an important element in New Brunswick's revitalization.

There is a parallel condition, whereby, the New Brunswick teachers' salary guide has "balloon" steps at the top for more senior teachers. Between steps 12 and 13, there is a \$20,875 salary increase in one year in the bachelor's degree column. Part of this increase is paid at midyear as step 12.5. There is simply no logic in providing a \$20,875 salary increase in one year after completion of 12 years service. According to the New Jersey School Boards' Association, the average number of steps in teachers' salary guides in the state is 16.2 years. Since most teachers have a career of 25 or more years, there does not seem to be any necessity for a compressed guide with only 13 annual steps. The total cost of the "balloon" steps for the five columns of the New Brunswick salary guide is \$189,000 in 1997-98.

Of the 463 teachers on the guide, 297, or 64.2% are presently on step 13, including nine teachers who moved up from step 12.5 at midyear. The 1997-98 cost for the 297 teachers at step 13 is \$18,244,850, or 76.6% of the total cost of the regular teachers' salary guide. New Brunswick school officials and the NBEA have had this condition for many years and have tried to negotiate an acceptable and more equitable guide, which was actually voted down by the teachers on one occasion. Nevertheless, this is an important ongoing issue which needs resolution as soon as possible.

**Recommendation:**

**In the current negotiations, New Brunswick school officials should place top priority on obtaining a competitive teachers' salary guide for the purposes of employing and retaining highly competent and committed teachers. To reach this objective, there will need to be a different pattern of distribution of money in the salary guide than in past negotiations. In order to reduce or eliminate the "balloon" steps for senior teachers, step 12.5 should be removed, and steps one to three should be eliminated, and/or the guide could be extended to steps 14, 15, and 16 over the next three or more years. The beginning steps (one to five) on the guide should be brought up to the county average as soon as possible, with appropriate adjustments for steps six through 12 to minimize any inequities. In order to raise beginning salaries, some districts negotiate a flat (i.e. equal) dollar amount for all steps for one or more years of a three-year contract. Regardless of the strategies employed, the teachers' salary guide should be modified to better serve district priorities and student needs.**

#### Schedule B - Building Employees 1997-98

	Light	Regular/Stock	Head/Apprentice	Main. Mechanic
1	\$11,800	\$14,700	\$17,400	\$25,200
2	\$12,400	\$15,400	\$18,200	\$27,400
3	\$12,900	\$16,200	\$19,000	\$29,600
4	\$13,400	\$16,800	\$19,500	\$31,700
5	\$14,100	\$17,300	\$20,100	\$34,000
6	\$15,000	\$18,100	\$20,800	\$36,100
7	\$15,900	\$19,000	\$22,300	\$38,300
8	\$16,900	\$19,700	\$23,200	\$39,500
9	\$18,000	\$20,600	\$24,500	\$40,500
10	\$20,100	\$21,400	\$25,900	\$42,600
11	\$30,550	\$25,400	\$38,300	\$49,900
12		\$32,300	\$49,300	\$56,150
13		\$37,700		

#### Recommendation:

It is evident that the Light Custodian column has a “balloon” payment between steps 10 and 11 of \$10,450. Similarly, the Head/Apprentice column has two such payments respectively of \$12,400 and \$11,000 at steps 11 and 12. At step 11, a light custodian actually has a higher salary than a regular custodian. Following a similar pattern as the teachers’ salary guide, the building employees beginning salaries in columns one through three are somewhat low and an appropriate adjustment should be negotiated.

#### Schedule C - Secretarial and Accounting - 1997-98

The secretarial salary guide has 13 steps and ranges from \$10,500 to \$29,720 for 10 month secretaries, from \$12,800 to \$35,625 for 12 month secretaries, and from \$13,300 to \$36,250 for high school principal’s secretary and accounting personnel. The larger salary increases are delayed until steps 12 and 13.

#### Schedule D - Security Officers - 1997-98

Security officers’ salaries double in three years from \$11,700 in step one to \$23,100 in step three.

#### Schedule E - Teacher Assistants - 1997-98

There are 13 steps and five salary columns based on college credits from 0 to 60, with teacher assistant salaries ranging from \$9,900 to \$25,800. In some districts teacher assistants are called instructional aides.

#### Schedule F - Community Agent/Attendance Officers - 1997-98

Salaries range from \$17,300 to \$39,850 in 12 steps.

#### Schedule G - Coaches - 1997-98

There are 46 categories of coaching and extracurricular stipends ranging from \$1,040 for ticket manager to \$5,975 for head football coach. Intramural advisors receive \$25 per hour.



### Schedule H - Summer School - 1997-98

Summer school teachers receive a \$600 payment.

### Longevity Payments - 1997-98

Years	Professional	Secretaries*	Bldg. Employees
15		\$265	\$895
20	\$1025	\$545	\$1155
25	\$1425	\$1365	\$1510
30	\$2175	\$2740	\$1755

\*Also teacher assistants, security officers, community agents and attendance officers.

Findings indicate that approximately 256 (or 34%) of a total of 770 contractual employees are currently receiving longevity payments. The yearly amount paid by the district for longevity payments is approximately \$290,000. Listed below is the breakdown of employees who are receiving longevity payments.

Professional	Secretaries*	Building Employees	Cafeteria Workers	Totals	%
147	42	49	18	256	34%

The table below provides the percentages of the total employees and those receiving longevity payments.

	Professional	Secretaries	Bldg. Empl.	Cafeteria	Totals
% (256)receiving longevity	58%	16%	19%	7%	100%
\$ of total employees (770)	18%	6%	7%	3%	34%

### Recommendation:

**The value of the positions rather than the concept of longevity payments should determine employee salaries. Most of the district salary guides are low at the beginning steps and high at the maximum step. The district should consider negotiating with the employees' representatives to eliminate or reduce longevity payments and utilize the savings to increase the starting salaries.**

**Cost Savings: \$290,000**

### Schedule J - Released Time for Extra Services for Professionals

In the high school, teachers sponsoring band, chorus, debating, dramatics, yearbook, newspaper, literary magazine and publication business managers and the 12<sup>th</sup> grade class advisor receive one released time duty period, while the student council advisor receives two such periods. Ninth, 10<sup>th</sup>, and 11<sup>th</sup> grade class advisors receive no homeroom assignment.

The negotiated agreement also contains many pages of material on grievance procedures, employee rights, association rights, representation fee, school calendar, supervision of student teachers, class size, assignments, transfers, promotions, evaluation, deductions from salary, fair dismissal procedure, facilities, employee administration liaison, academic freedom, procedure for withholding salary increment, classroom control, report card responsibilities, and miscellaneous.

## ADMINISTRATIVE AGREEMENT

The agreement with the Leadership Association covers principals, vice-principals, administrative assistants, directors, supervisors, coordinators and department heads. The four central office administrators are excluded. The contract includes the usual provisions for grievance procedures, association rights and privileges, professional rights, etc.

### **Working-Hours and Conditions**

The work schedule is the district school calendar. Ten-month employees work two days before school opens in September and two days after school closes in June. Leadership personnel employed on an eleven-month basis work twenty days during the months of July and August.

Association members using their own vehicles in performing their duties are compensated at the rate of 32 cents per mile, excluding travel between place of residence and school. Supervisors and directors received \$32.00 per month mileage allowance for 1995-98.

### **Payment for Sick Leave**

The NBLA contract includes a maximum cap on the amount of compensation paid to a retiring or terminating employee in the amount of \$15,000 for their unused accumulated sick time. The employee must elect to receive this payment within two years from the date of retirement or termination of employment. The employees hired prior to July 1, 1992 are not subject to a cap on the compensation for the accumulated sick days.

There are seven members of the Leadership Association who have already surpassed the amount of \$15,000 and were hired prior to July 1, 1992. If all retired simultaneously, it would cost the district approximately \$133,038. If the amount was capped at \$15,000, and all retired simultaneously, the district would pay out \$90,000. There would be a savings of \$43,083 if the maximum cap included all members of the association regardless of their hire date. This savings is based on the assumption that these members would be retiring with at least the same amount of unused sick time as they had, at the end of the 1996-97 school year. The savings for the district would obviously increase if those members carried over their sick days each year prior to their retirement and the cap was universal.

Out of the current membership of 35, 80% were hired prior to July 1, 1992. There are six members who will surpass the \$15,000 amount within six years, and four who will surpass in ten years. The remaining members hired prior to July 1, 1992 will reach \$15,000 after ten years. Based on the number of members, who are “grandfathered” and will be able to receive the full amount for unused sick days, the district should negotiate the elimination of the “grandfathered” date and apply the maximum amount of \$15,000 to all members.

### **Recommendation:**

**Based on the number of members, who are “grandfathered” and will be able to receive the full amount for unused sick days, the district should consider negotiating the elimination of the “grandfathered” date and apply the maximum amount of \$15,000 to all members.**

**Cost Savings: \$43,083**

**Another possibility would be to temporarily set the cap at \$20,000 for a brief period of time to encourage retirement, thereby providing the four members who are currently over \$20,000 with another option rather than lose a large portion of this benefit. The district would have savings equal to the difference between current and replacement salaries for these individuals.**

### **Salaries**

The salaries of all members are determined by affixing the individual’s appropriate step for training and experience on the adopted teachers’ salary guide in effect that school year and multiplying that salary by the appropriate ratio in Article XVII, which contains four administrative steps.

Article XVII - Administrative Ratio Salary

Position	Steps			
	1	2	3	4
High School Principal	1.37	1.40	1.43	1.47
Adult, Alternate, & Elementary School Principal	1.235	1.265	1.295	1.335
Directors (4) Pupil Personnel, Basic Skills, Food Services				

& Health and Physical Education	1.20	1.23	1.26	1.30
Vice Principals	1.17	1.20	1.23	1.27
Administrative Assistant	1.13	1.16	1.19	1.23
Supervisors (8) Bilingual Ed/Lang & Library, Mathematics, Special Education, Child Study Teams, Career/Vocational Educ., Basic Skills, Elementary Education, and Fine Arts	1.10	1.13	1.16	1.20
Coordinators (6) Science, Health Services, Gifted & Talented, Computer Technology, Elementary Reading/Social Studies, Substance Abuse	1.08	1.11	1.14	1.18
Administrator of Health Services	1.02	1.04	1.06	1.08
Department Chairperson	1.02	1.04	1.06	1.08

In our statistical examination of comparable districts, in 1996-97 the New Brunswick average administrative salary was the highest of the five districts at \$85,907; however, the total administrative cost was only 5.9% of total general fund expenditures, compared to 6.5% to 9.6% for the other districts.

#### **Recommendation:**

**While total administrative salaries are reasonable in cost, the district may wish to examine the effect of having administrative salaries determined by a ratio of the maximum teachers' salary guide. The teachers' salary guide is quite low at the beginning steps and higher than average at step 13. While the administrative ratios appear reasonable in size, indexing the administrators' salaries directly to the teachers' salary guide may be an incentive for encouraging increased distribution of available money on the top steps of the teachers' guide. Some districts find that administrative minimum and maximum salaries by position can be negotiated to provide fair compensation for administrators.**

## **EMPLOYEE INSURANCE BENEFITS**

### **Health Insurance**

Health benefits in the New Brunswick School District cost over three million dollars per year. The board assumes the full cost of coverage for their 725 full time employees. Encouraging employees to share in the cost of their coverage can control the rapidly increasing costs of health care. It is becoming unusual to find an employer, public or private, who incurs the full cost of health coverage. There are many different ways the district can save money in the area of health insurance. For example, if an employee is required to pay a portion of his/her coverage, and this amount is determined by the difference between the highest premium and the lowest premium, most employees will elect coverage with the lower or lowest premium.

The district offers three plans; a plan comparative to the traditional coverage, and two health maintenance programs. The HMO's are able to provide lower premiums as a result of the design of their plans.

Out of the total of 725 employees, 430 are covered under the traditional plan, which is the most costly coverage for the district. The district's total yearly cost for these employees alone is over \$2.5 million. If the district required the employee to pay a portion of this cost based on the difference between single and family coverage, the savings would be great. For example, a co-pay of 20% of the difference between the cost of family coverage and single coverage for the 430 participants in the traditional plan would result in a yearly savings for the district in the amount of \$366,360. The employee would be required to pay approximately \$70 a month, \$840 a year, in order for the district to take advantage of the savings. As an option for consideration by the board, if the employee chose an HMO, the employee cost for health insurance coverage could be eliminated. Below is the breakdown of the potential savings on traditional coverage if a co-pay is required:



**Traditional Plan**

Monthly Cost Family Coverage	\$ 576
Monthly Cost Single Coverage	\$218
Difference between Single and Family Cost =	\$ 358
20% Co-pay of \$358 =	\$71.60
430 (#of employees) x \$71.60=	\$30,788 Monthly Savings
\$30,530 x 12 =	\$369,456 Annual Savings

Another avenue to explore would be to investigate other plans, and preferred provider networks. The cost savings associated with these types of plans have been determined by other districts to be 5 to 7.5% over the baseline of traditional plan costs. In this case, if the employee chose the traditional plan over the preferred provider plan, he or she would be required to pay the full amount of the difference between the cost of the traditional plan and the preferred provider plan and pay any cost over runs.

**Recommendation:**

**The district should consider negotiating a 20% co-pay of the cost differential between the family and single costs of the traditional health plan. The savings could be as much as \$369,456 per year. Also, the district should explore other types of plans such as preferred provider networks for savings.**

**Cost Savings: \$369,456**

**Dental**

The district pays the full premium cost for dental coverage for the employee only, for a total cost of \$480,480 per year. The district could arrange a shared cost agreement with the employee where the employee would pay a rate of 50% of the premium for additional savings of \$240,240. Or, the district could explore other types of plans and offer a choice to it's employees to either pay 50% of the premium cost in order to participate in the traditional dental plan, or select a plan that has a much lower premium and no cost to the employee. Below is a breakdown of the savings for the dental plan:

Monthly Cost for Single coverage	\$52	
770 (# of employees) x \$52 =		\$40,040 Monthly Cost
\$40,040 x 12 =		\$480,480 Annual Cost
50% Co-pay of premium =	\$26	
770 (#of employees) x \$26=		\$20,020 Monthly Savings
\$20,020 x 12=		\$240,240 Annual Savings
Current Annual Cost	\$480,480	
Annual Cost with Co-pay	\$240,240	
Annual Savings =	\$240,240	

**Recommendation:**

**A similar option of shared cost as discussed for health benefits should be explored for dental coverage. By negotiating a 50% co-pay for the cost of the premium, the district could save approximately \$240,240 per year.**

**Cost Savings: \$240,240**

**Prescription**

Prescription coverage for active employees and their dependents costs the district almost \$700,000 per year. The insured is required to pay a co-pay of \$6. A policy can be instituted by the district that encourages the insured to purchase either a name brand at a higher cost or a generic name brand substitute at a lower cost. Also, although

retired employees are responsible for paying their own premiums for the prescription plan, they are still part of the group plan for the district, thereby causing the cost of group coverage to increase. The insurance carrier could separate the active from the retired employees which would reduce the cost for the districts active employees, or the insurance carrier could issue a drug savings card for the retirees which can be charged against the major medical.

**Recommendation:**

**The district should recommend that the insurance company separate the active and retired employees for a reduction in district premium costs for the prescription plan. Another potential cost savings could result from the institution of lower costs for generic or name brand substitute prescriptions.**

**Total Cost Savings: \$609,696**

## **IV. SHARED SERVICES**

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

As described under Best Practices, the district has established linkages with many community, private and state organizations to assist in providing New Brunswick students with cost effective school programs. Groups with regular contact and cooperation with the school district include:

New Brunswick Tomorrow  
Johnson & Johnson  
Puerto Rican Action Board  
Greater New Brunswick Day Care Council  
Rutgers, The State University  
Rutgers Mental Health  
New Brunswick Police Department  
New Brunswick Schools Youth Services  
Civic League of Greater New Brunswick  
University of Medicine & Dentistry(UMDNJ)  
Middlesex County College

### **District/City Relations**

In 1973 the NJ Legislature enacted the Interlocal Services Act, which permits school districts and municipalities to enter into formal agreements for the joint provision of services. Also, municipalities are authorized in other statutes to cooperate in the provision of capital improvements for parks, playgrounds and other recreational facilities for local school district uses. Local school districts have statutory authority to appropriate money to join with a municipality in acquiring, improving, maintaining and operating recreational facilities. Although uniquely separate governmental units, school districts and city governments can provide efficient and effective services for community residents by cooperative planning and sharing of facilities and services, a goal espoused by the State Development and Redevelopment Plan. The benefits usually associated with these collaborative efforts are enhanced programs, cost efficiency and effective use of public tax dollars.

The school district provides the city with school buildings for adult recreation programs and, reportedly, the city reimbursed the school district \$19,051 for custodial time involved in supervising and cleaning the buildings and for postage and telephone costs.

While the school district engages in cooperative purchasing of supplies, the city and school district do not “share” the service. The school district purchases its gasoline and maintains its vehicles through the city and reimburses the municipal government on a cost basis.

The New Brunswick City government owns, maintains, and improves the Memorial Stadium, which is located across the street behind New Brunswick High School. The stadium is used by the school district for football, baseball, track and other outdoor high school activities. The city also owns, insures, maintains and operates three parks, Murphy, Feaster, and Alice Jennings Archibald (AJA), which are located adjacent to three elementary schools. These parks are available to serve as playgrounds and recess areas for elementary students. The city reportedly has a \$800,000 capital improvement budget this year for its outdoor facilities. Green Acres funds and bonds are also involved in these projects. The city provides electric lighting and street sweeping services with municipal equipment in the school parking lots. The city collects garbage, trash, and materials to be recycled by the Middlesex County Improvement Authority.

The municipal Division of Youth Services, with a \$537,00 budget for 1998, provides three programs for New Brunswick youth:

- After school programs in counseling, homework, etc. in school buildings;
- A summer play-safe program; and
- A teen center with after school programming, such as quiet areas for homework and activity areas for ping-pong, weight exercises, etc.

Two police officers spend much time in the schools in the Dare Program and the city provides about 40 crossing guards.

The city has submitted bills to the district for payment of the following amounts for services for fiscal 1997:

Garbage and Trash Removal	\$30,000
Youth Services Programs	\$30,000
Police Salaries and Wages - DARE Program	\$183,753
Electric and Street Lighting	\$20,000
Salary Adjustments/Reimbursements:	
School Crossing Guards	\$135,000
Health Benefits	\$16,875
General Liability Insurance	\$30,000
Interest for three school bond anticipation notes	
totaling \$6,195,000	\$181,870
Operational and Maintenance Costs for Memorial Stadium	\$213,941
Operation and Maintenance of Feaster Park (50%)	\$34,300
Operation and Maintenance of Murphy Park (50%)	\$24,665



School district contribution towards city capital improvements over three years for rebuilt track, tennis and basketball courts, new playground and barrier free exercise fitness courses, and purchase of school land for the AJA park and \$800,000 park development and construction.

\$80,224

Total Cost to School District

\$980,628

The city credited the school district \$549,200 for the purchase of district-owned land adjacent to McKinley School for development of a park, which can be used jointly. Then, for the first time in many years, the city billed the district in 1997 a total of \$980,628 for the services listed above, which represents 4.25% of the school tax levy. The district received payments from the city of \$18,051 for custodial salaries and \$1,000 for telephone and postage associated with city use of school facilities. The district paid the city the difference between the \$980,628 bill and the \$549,200 land purchase, or \$431,428. It is quite apparent that school district and city finances are becoming extensively intertwined with an increasing flow of money from the school district to the city.

The Local Government Budget Review (LGBR) team received a written response from the city regarding inquiry to the detail of the listed charges. The team questions the appropriateness, legality and level of expense charged for several of the services. In addition, LGBR is concerned about the, seemingly, arbitrary billing for services that here-to-fore had not been billed by the city to the school district.

The local tax levy for school operational purposes in New Brunswick has remained identical in amount (\$23,094,322) for three consecutive years. The net result is that through the land purchase and billing practices the school district no longer owns the land and has a smaller amount of local funding for the education of students than the previous school year. These arrangements are very informal in nature, as neither the district nor the city has provided any formal written agreement.

As noted earlier in this report, the New Brunswick School District was one of the original 28 Abbott districts, which have been under the jurisdiction of the state courts for more than a decade. The courts have directed that expenditures in the Abbott districts (DFG A) should be on parity with the much wealthier DFG I and J districts. As a result, large sums of state funds have been provided these districts in recent years. While the New Brunswick School District did not receive parity funding in 1997-98, it will receive such funding in 1998-99. Since public schools are generally not free to spend educational funds for municipal purposes without specific statutory, administrative code, or judicial authorization, the district may need to consider seeking legal counsel in this area.

#### **Recommendation:**

**Municipal and school officials should develop more definitive accounting for the basis of any payments made by the school district for use of municipal facilities and services. To pay for any services under the local public contracts law, the district needs signed contracts which specify the services rendered and which are approved by the board of education at a public meeting. Despite numerous requests, the review team was not provided with any evidence that these statutory provisions were met in the transactions described above.**

**The city billed the district \$181,870 in 1997 for three different school bond anticipation notes valued at \$6,195,000. According to 18A: 24 - 57, this interest payment should be included in the municipal budget, be included in the annual tax levy, and be raised by taxation by the municipality. The school district should not be reimbursing the city for this item.**

**Cost Savings: \$181,870**

**Crossing guards (which under 40A:9-154.1 are supervised by the police department), uniform garbage collection and street lighting are municipal functions by statute and should not be charged to the school district for uniform levels of services. Signed contracts with the city for district requested garbage services which exceed the level normally provided city-wide for residents may be billed at cost by the city as an "extra" expense.**

**Cost Savings: \$176,875 to \$201,875**

District officials should re-consider the propriety of reimbursing the city for the DARE program, which is a function of the police department. The amount billed for the services of two police officers, department supervision, and incidental articles for students in the DARE program is excessive. The review team noted that the two police officers remained together while in the presence of children on the days of visitation. Also, municipalities often receive funding for DARE materials for students. The district should evaluate the effectiveness of this program and should consider contracting for these services with another agency, such as the county sheriff's department, for about one half the amount being billed by the city or, otherwise, provide drug education through other avenues.

**Cost Savings: \$91,876 to \$183,753**

The district is currently paying the city \$213,941 for operational and maintenance costs for the use of city owned Memorial Stadium, \$34,300 (50%) for Feaster Park, \$24,665 (50%) for Murphy Park, \$30,000 for liability insurance, and \$80,224 for capital improvement to these facilities and the AJA Park, or a total of \$383,130. These billing practices by the city appear to be aggressive and somewhat excessive. The district should consider the advisability of making payments for park use and improvements and reimbursing the city for liability insurance. The district should also consider whether it could contract to operate and maintain the stadium for less expense.

**Cost Savings: \$88,965 to \$111,188**

In a Type 1 district, where the mayor appoints the school board members, it is reasonable to assume that school district and municipal officials may not be equal in negotiating contracts for shared services. Consequently, it is suggested that a third party, such as the county superintendent or New Brunswick Tomorrow, be invited to form a committee composed of independent citizens and municipal and school officials to explore areas where shared services might prove cost effective for both school and municipal purposes. Such discussions should result in written agreement(s) which are appropriate and cost effective for an Abbott school district and provide beneficial and effective educational services for children and youth.

**Total Cost Savings: \$539,586 to \$678,686**

## **V. STATUTORY AND REGULATORY REFORM**

This fifth and final section of the report attempts to identify those areas where existing state regulations or statutory mandates are brought to the attention of the LGBR review team by local officials that appear to have an adverse effect on efficient and cost effective local operations. It is common for local officials to attribute high costs and increased taxes to “state mandates.” Each review team is then charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

### **Provisional Teacher Program**

New Brunswick school officials reported a constant backlog of paperwork within the Provisional Teacher Program. Local school personnel viewed the Department of Education (DOE) as inadequately staffed to implement this program which it put into place. The result was described as an enormous hardship for school districts, which were trying to meet the requirements of the program, as well as their own staffing needs. In addition, qualified candidates for teaching vacancies, whose paperwork was not processed on a timely basis and, particularly, in September when school opened, had to spend personal money to obtain substitute certificates while waiting for clearance by the DOE.

Three main problems were identified:

1. Local school officials viewed the amount of paperwork for each provisional teacher or principal as excessive and duplicative. It is possible that a streamlined process would be helpful to both the DOE and the district. For example, there are separate forms to register a provisional teacher in the program and to notify the DOE that a provisional teacher has been offered employment (State of Assurance of Position to Teach).
2. Prospective provisional teachers who have just graduated and who have fulfilled all the requirements for the program come to the personnel office without a letter of eligibility. This is a large part of the pool from which districts can hire new teachers. The Priority Request Form does not really solve the problem because the district still must often wait two to three months for the letter of eligibility to be issued. The DOE computers were reportedly down for periods of a week at a time during the 1997 summer. These conditions made it very difficult to have district schools staffed in September with the large number of required new hires every year to fill vacancies or program needs.
3. Reportedly, when there were questions or problems, it was sometimes difficult to reach a person who could assist the district. Local school officials are not questioning the DOE’s commitment to do a good job under a difficult set of circumstances; however, the identified problems resulted in a burden upon the district and made it difficult to fill ongoing staffing needs.

**Recommendation:**

**It is commonly recognized that the recruitment, selection and employment of qualified instructional personnel is one of the most important functions in obtaining instructional quality in local school districts. State officials play a significant role in this process with the regulation and control of teacher and other professional certification. It is suggested that the NJDOE examine, and to the extent necessary, modify the Provisional Teacher Program to streamline the process to reduce any excessive and duplicative paperwork and to determine whether there are an adequate number of state personnel to assure that forms submitted by local school personnel and qualified candidates will be approved on a timely basis.**

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